American Petroleum Institute
1220 L Street, Northwest
Washington, D.C. 20005

Monthly Statistical Report

Prepared by the Statistics Department

Vol. 7, No. 10

NOVEMBER 17, 1983

OCTOBER 1983

ESTIMATED U.S. PETROLEUM BALANCE

SUMMARY

Estimated total domestic products supplied in October were 1.5% above year-ago levels, mainly as a result of a late-month surge in deliveries. This increase followed September and third quarter increases of 0.5% and 1.6%, respectively. Thus, overall, while petroleum demand is no longer deteriorating, it has not experienced quite as robust a recovery as many analysts of the industry had been expecting and the upward momentum of economic indicators had seemed to imply. In addition, demand recovery has been uneven and selective, with gasoline maintaining meaningful year-to-year increases for the past several months, distillates experiencing improvements, though to varying degrees, and demand for residual fuel oil continuing to be substantially below last year's level.

The weakness in demand has been mirrored in crude and product markets, with prices of major crudes weakening somewhat in recent weeks and prices of most major products steady or moving lower.

Crude oil production declined minimally from last October's levels. Imports, while still above last year, fell from prior-month high levels; seasonally-adjusted domestic product demand has been easing somewhat over the past couple of months while inventories stayed about the same.

Rig activity continued to increase, rising 4% on a seasonally-adjusted basis from the prior month to a level almost equal to last October's. Wells reported drilled fell 4.7% compared with last October but, seasonally adjusted, are almost 8% above the August recent-year low.

PRODUCTS SUPPLIED[1/]

The string of recent, almost-uninterrupted year-to-year advances in gasoline supplied levels continued in October with an increase of 223 MBD (3.5%). The major factors that have been bolstering gasoline consumption continued to influence demand levels—real disposable personal income rose (up 4% over the past year) and gasoline prices fell (down 2¢/gallon in October). Real gasoline prices are now almost 6¢ (5%) lower than a year ago, despite the increases in federal and state taxes of around 6¢.

Unleaded gasoline's October market share, at 55.0%, is almost three percentage points ahead of last year, roughly the same year-to-year advance that has persisted for most of the year. The impact of new car sales—up substantially in 1983 over depressed 1982 levels—on total unleaded gasoline volume has been slow and scrappage of cars using leaded gasoline has been lower than in the past. Improving fuel efficiency of new cars joining the fleet has also contributed towards holding unleaded's market share increase to a lower level than in the seventies.

Distillate supplied levels increased 51 MBD (2.0%) from a year ago. The late-month upsurge in deliveries was especially strong for distillates, adding about 130 MBD to daily levels that had prevailed during most of the month. Railroad and truck traffic in October generally maintained the substantial level of increases experienced during the past several months, and off-highway use, as a result of substantial increases in construction over last year's levels, is also likely to have risen. Some offset—about 40 MBD—was provided by weather some 5% warmer than last year. However, with October deliveries still about 120 MBD below the average of the prior three months on a deseasonalized basis, a major factor holding down distillate deliveries may have been reduced fill-up of non-primary storage, especially during the early part of the month. The attached Exhibit I, showing deseasonalized, weather-adjusted distillate supplied data, appears to support that conclusion, with the October drop interrupting the prior, generally-upward trend.

Residual fuel oil supplied fell 185 MBD (12.8%) compared with year-ago levels. Only a small portion of the deficit, perhaps 20-30 MBD, can be attributed to lower bunker fuel deliveries. It is also highly unlikely that the industrial sector, despite some continued fuel switching, contributed to the deficit; the power of the economic recovery, including a roughly 12% year-to-year increase in industrial production, would argue against that premise. It thus appears likely that, in contrast to weather-related improvement in prior months, deliveries of residual fuel oil to the electric utilities sector in October declined by about 150 MBD.

Kerosene jet fuel deliveries rose about 2.7% and are up about 3% for the year to date. "Miles flown" showed an increase of almost 5% for eight months of the year over 1982's corresponding period, and reports of substantial increases in air traf-

fic during the past two months indicate that similar levels of improvement in "miles flown" may well have continued into October. It, therefore, appears that airlines, mainly as a result of sizable expenditures for acquiring new aircraft over the past several years, are enjoying continued benefits in fuel efficiency. However, acquisition activity has, of late, been considerably curtailed because of cash flow and debt considerations.

(In millions of B/D)	OCTOBER ESTIMATES			YEAR-TO-DATE ESTIMATES		
	1983	1982	% Change	1983	1982	% Change
—Total domestic products supplied	15.1	14.9	1.5	15.0	15.3	(2.1)
—Motor gasoline supplied	6.6	6.4	3.5	6.6	6.5	0.9
—Distillate fuel oil supplied	2.6	2.6	2.0	2.6	2.7	(2.8)
—Residual fuel oil supplied	1.3	1.4	(12.8)	1.4	1.7	(17.5)

SUPPLY[1/]

Total supply showed a 246 MBD drop from year-ago levels; a 364 MBD decline in total domestic supply was offset by a 118 MBD increase in imports.

Crude oil production declined slightly from September levels to a point some 30 MBD below last October's level. Lower 48 production fell more than 50 MBD from year-ago levels, but Alaskan production, helped by rising Kuparuk output, provided a partial offset. However, lower 48 production has been relatively stable over the past three years in contrast to declines averaging about 300 MBD during the seventies. Had the decline trend of the seventies not been interrupted as a result of decontrol, production levels would likely have been more than 1.1 million barrels per day below current levels.

The surge in imports that had carried import levels to a deseasonalized increase of more than 40% in September over early 1983 levels subsided, but imports still topped last October by almost 120 MBD. Product imports were responsible for the increase; crude imports were actually about 50 MBD below last October's. On a "net imports" basis, U.S. dependency rose to 30% from 28% last year, the 280 MBD fall in exports accounting for the increased rate.

The attached Exhibit II shows that U.S. oil dependency, based on "net imports", advanced from about one-third of total domestic demand in the early seventies to the 40%-50% range during the 1977-1979 period. The rate then gradually receded to the less-than-20% mark reached early this year, as exports, freed of controls in late 1981, grew substantially, demand decreased, and inventories fell to levels more reflective of the demand decline. With seasonally-adjusted inventories relatively stable in recent months and some growth in demand evident, dependency rates have gradually risen to the 25%-30% range.

Mexico continued to be the leading exporter of crude oil to the United States (8 months data), followed by the United Kingdom, Indonesia, Nigeria, and Canada, in that order. Canada is the leader for product imports, followed by Venezuela, the Virgin Islands, the Netherland Antilles, and the Bahamas.

Inventories rose a roughly-seasonal 6 million barrels during October, essentially as a result of a more than 8 million barrel increase in distillate stocks, a greater distillate stock increase than is normal for this time of the year. Distillate inventories continue to be fully adequate, especially since ample refinery capacity provides extra flexibility and crude oil stocks are still more than 50 million barrels above minimum level. Gasoline inventories represent 34 days of supply, about equal to the average experienced since the mid-seventies.

Input to crude oil distillation units, down slightly from last October's level, fell about 800,000 barrels per day from September levels. Some 300,000 barrels per day is attributable to a normal seasonal decline. The remaining 500,000 barrels per day drop may, in the main, be a reflection of light product inventories having reached adequate levels for this time of year.

The active rig count increased by 4% over the prior month on a deseasonalized basis to near year-ago levels. It has risen about 24% since its seasonally-adjusted low in April. Wells reported drilled were 4.7% percent below last October's level. The count has increased nearly 8% since its seasonally-adjusted recent-year low in August.

(In millions of B/D)	OCTOBER ESTIMATES			YEAR-TO-DATE ESTIMATES		
	1983	1982	% Change	1983	1982	% Change
—Total supply	15.9	16.2	(1.5)	15.7	15.8	(0.7)
—Crude production[2/]	8.7	8.7	(0.4)	8.7	8.6	0.2
—Crude oil imports[3/4/]	3.4	3.5	(1.6)	3.1	3.3	(6.9)
—Product imports	1.8	1.6	10.6	1.6	1.6	2.9

1/ Total supply, i.e., production plus imports adjusted for net stock change is equal to total products supplied from primary storage. Total products supplied from primary storage less exports is equal to total domestic products supplied. Information contained in this report is derived from information published in the API Weekly Bulletin and is based on historical analysis of the industry. All data reflect the most current information available to the API and include all previously published revisions.

2/ Includes lease condensate.

3/ Beginning with January 1977, the U.S. Department of Energy began reporting crude oil imports as of the date of importation. Previously, this data, with the exception of Canadian crude imports, was reported as of the date it was received at the refinery. This change may affect both the level of crude oil imports and crude oil stocks. API estimates of these data may, therefore, differ slightly from those of the U.S. Department of Energy.

4/ API data do not include crude oil imported for the Strategic Petroleum Reserve (SPR) nor crude oil stocks held in the SPR (according to the U.S. Department of Energy, the SPR held approximately 367 million barrels as of October 31, 1983).

ESTIMATED UNITED STATES PETROLEUM BALANCE

(Daily Average in Thousands of 42 Gallon Barrels)

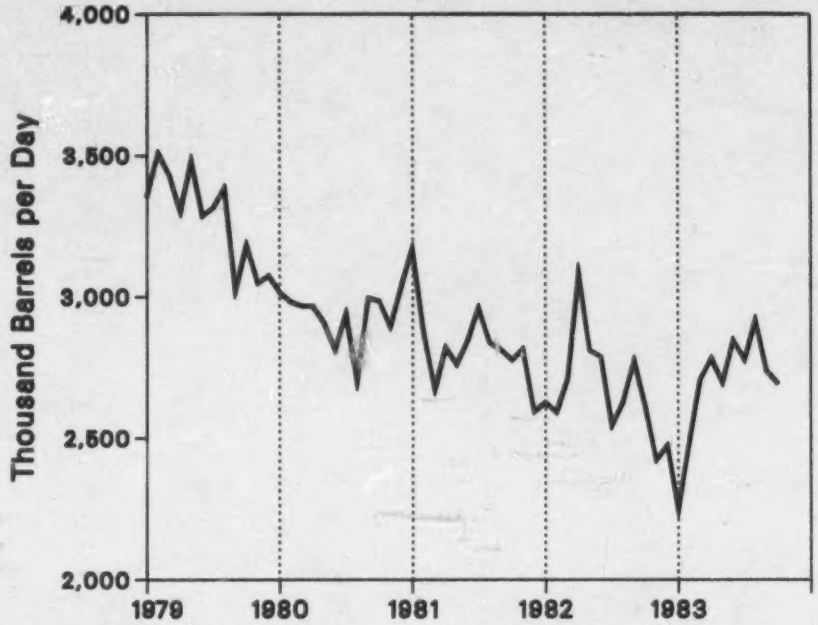
Supply/Products Supply From Primary Storage	OCTOBER			YEAR-TO-DATE		
	1983[1]	1982[2]	% Change	1983[3R]	1982[2]	% Change
Products Supplied:						
Total motor gasoline	6,614	6,391	3.5	6,594	6,535	0.9
Finished leaded motor gasoline*	2,974	3,040	(2.2)	2,992	3,138	(4.7)
Finished unleaded motor gasoline*	3,640	3,351	8.6	3,602	3,397	6.0
Naphtha-jet	158	192	(17.7)	205	208	(1.4)
Kerosine-jet	790	769	2.7	820	796	3.0
Distillate fuel oil	2,624	2,573	2.0	2,587	2,661	(2.8)
Residual fuel oil	1,262	1,447	(12.8)	1,395	1,691	(17.5)
All other oils[4]	3,790	3,753	1.0	3,540	3,686	(4.0)
Reclassified[5]	- 161	- 265	(39.2)	- 160	- 269	(40.5)
Total domestic products supplied	15,077	14,860	1.5	14,981	15,308	(2.1)
Exports	652	932	(30.0)	763	813	(6.2)
Total products supplied	15,729	15,792	(0.4)	15,744	16,121	(2.3)
Supply:						
Domestic production:						
Crude oil[6]	8,670	8,701	(0.4)	8,669	8,649	0.2
Natural gas liquids	1,518	1,530	(0.8)	1,541	1,537	0.3
Other supply[7]	529	850	(37.8)	704	653	7.8
Total domestic supply	10,717	11,081	(3.3)	10,914	10,839	0.7
Imports:	10/	10/		10/	10/	
Crude oil, total	3,399	3,454	(1.6)	3,103	3,333	(6.9)
Canadian	259	214	21.0	266	207	28.5
Other	3,140	3,240	(3.1)	2,837	3,126	(9.2)
Products, total	1,809	1,636	10.6	1,649	1,602	2.9
Residual fuel oil	746	783	(4.7)	697	773	(9.8)
Other	1,063	853	24.6	952	829	14.8
Total imports	5,208	5,090	2.3	4,752	4,935	(3.7)
Total supply	15,925	16,171	(1.5)	15,666	15,774	(0.7)
Stock change, all oils	+ 196	+ 379	XXXX	- 78	- 347	XXXX
Refinery Operations						
Input to crude oil distillation units	12,023	12,155	(1.1)	11,972	12,202	(1.9)
Operable capacity	16,306	17,221	(5.3)	16,712	17,492	(4.5)
Refinery utilization (%)[8]	73.7%	70.6%	4.4	71.6%	69.8%	2.6
Crude oil runs	11,767	11,749	0.2	11,694	11,805	(0.9)

Stocks (millions bbls.)	1983		1982[2]	% Change from ...	
	Oct. 31	Sep. 30	Oct. 31	Previous Month	Year Ago
Crude oil 10/	349.8	347.8	351.0	0.6	(0.3)
Unfinished oils	112.1	114.0	113.3	(1.7)	(1.1)
Total motor gasoline**	226.0	230.7	234.4	(2.0)	(3.6)
Finished leaded motor gasoline*	92.2	97.4	95.0	(5.3)	(2.9)
Finished unleaded motor gasoline*	94.2	93.6	97.4	0.6	(3.3)
Naphtha-jet	6.7	6.6	6.4	1.5	4.7
Kerosine-jet	36.9	34.4	34.5	7.3	7.0
Distillate fuel oil	162.9	154.4	170.1	5.5	(4.2)
Residual fuel oil	48.1	46.9	63.6	2.6	(24.4)
All other oils	202.0	203.6r/	174.5	(0.8)	15.8
Total all oils	1,144.5	1,138.4r/	1,147.8	0.5	(0.3)

1/ Based on API estimated data converted to a monthly basis.
2/ Source: U.S. Department of Energy.
3/ Source: January-August, U.S. Department of Energy, September-October, API.
4/ Includes crude losses.
5/ Beginning with January 1981, U.S. Department of Energy began using a new data collection system which encompasses a method to ascertain the amount of product reclassified during the production phase. So that there will be no double counting of these volumes, they are subtracted from total domestic products supplied.
6/ Includes lease condensate.
7/ Includes Unaccounted-for crude oil, Refinery input of other hydrocarbons, and Processing gain.
8/ Represents "Input to crude oil distillation units" as a percent of "Operable capacity."
9/ Derived by interpolating API weekly stocks data.
10/ Data do not include oil imported for the Strategic Petroleum Reserve (SPR) nor crude oil stocks held in the SPR.
R/ Revised.
* Included in motor gasoline.
** Includes finished leaded, finished unleaded, and motor gasoline blending components stocks.

EXHIBIT I

SEASONALLY AND WEATHER ADJUSTED DISTILLATE SUPPLIED



Sources: Department of Energy, American Petroleum Institute

EXHIBIT II

U.S. NET DEPENDENCE ON IMPORTS

NET IMPORTS DIVIDED BY TOTAL PRODUCT SUPPLIED

SOURCE: DEPT. OF ENERGY AND API

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American Petroleum Institute
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Monthly Statistical Report

Prepared by the Statistics Department

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NOVEMBER 1983

ESTIMATED U.S. PETROLEUM BALANCE

SUMMARY

During November, amidst signs of continued strong recovery of economic activity, estimated total domestic products supplied exceeded year-earlier levels by 3.3%. Light products accounted for the gain, distillates alone contributing more than 80% of the total 502 MBD increase. "Other oils", recently on an upward trend, also showed an increase. Residual fuel oil demand levels, however, continued to lag.

Crude oil production in November was about 60 MBD below year-ago levels as result of decreased lower 48 production. Imports fell below November's unusually high level. Inventories rose about 6 million barrels over last month, closely in line with seasonal expectations. Rig activity continued to improve, the monthly average moving ahead of the prior year for the first time since early 1982. Wells reported drilled were almost 9% below last November's level but, seasonally adjusted, exceeded the recent-year low, set in August, by about 10%.

RECENT DEMAND AND INVENTORY TRENDS-U.S. VERSUS OTHER O.E.C.D. COUNTRIES

Recent demand and inventory patterns in the United States appear to differ markedly from the remainder of the countries comprising the O.E.C.D. group. Using just-released International Energy Agency and Department of Energy data, it appears that, while demand in the United States rose about 2% during the third quarter compared with last year, demand continued to be lower than a year ago in the rest of the O.E.C.D. countries combined. This is in agreement with indicators of economic activity which show the U.S. economy recovering at a much faster pace than is the case in O.E.C.D. countries as a whole. Industrial production, for example, only about 2% higher at midyear than at the end of 1982 for European O.E.C.D. members and 3% for Japan, had already risen by some 8% in the U.S. in that time period and more than 10% in Canada. Similar differences are likely to have extended into the third quarter.

As Exhibit I shows, there have also been wide divergences in inventory handling. While U.S. inventories seem to have stabilized, the inventories of other O.E.C.D. countries are apparently still undergoing downward movement. The differences also showed up in third-quarter statistics. While the United States added a roughly-normal 0.6 million barrels per day to inventories in the third quarter, the other O.E.C.D. countries' stock levels changed little, though that portion of O.E.C.D. inventories normally increases approximately 1 1/2 million barrels per day in the third quarter. As a result, the graph depicts a substantial seasonally-adjusted decline. In addition to the slow demand recovery, the soaring dollar, payment basis for all oil purchases, likely was a factor in holding down inventory levels.

PRODUCTS SUPPLIED[1A]

Gasoline supplied in November was 1.5% (96 MBD) ahead of last year, continuing the consistent improvement over prior-year levels that has persisted over the past several months. Lower gasoline prices and rising disposable personal income continue to be the main factors in this demand increase. Inflation-adjusted gasoline pump prices have now fallen uninterruptedly since mid-July, reaching a level some 4 1/2% (about 6¢) below last year despite an increase of more than 6¢ in federal, state, and local taxes. Real personal disposable income, rising about one percent in October over the prior month, is now almost 5% ahead of last year.

Unleaded gasoline's market share was 55.8% in November. With a roughly 3 1/4 percentage point advance over last year, it maintained about the same pace of year-to-year increases it has experienced for most of the year. Increases in new car sales seem to have abated and are only gradually affecting the total fleet's need for unleaded gasoline. However, those cars entering the fleet have considerably better fuel efficiency. In fact, if 1983 experienced an improvement in fuel efficiency over the prior year even close to 1982's, cars would be using some 17-18% less fuel per mile now than in 1978. However, part of that saving is likely to have been offset by the tendency to increase travel when unit costs per mile fall.

Distillates supplied showed a 413 MBD (16.7%) increase over last November. More than a third of the increase is due to strong gains in truck and railroad traffic, up about 14% and 11%, respectively, over year-ago levels. Construction spending in October receded somewhat from its seasonally-adjusted recent-period high, set in September, but is still significantly larger than last year, increasing off-highway diesel demand. The effect on total distillate demand, however, is small. This is also true for the remaining non-heating uses. Thus, filling of secondary storage, previously delayed, appears to be responsible for the bulk of the remainder of the distillate increase. Monthly inventory-related departures from the deseasonalized trend, such as apparently took place in October and November, do not, however, disturb the general direction of distillate demand, which, over the past 12 months, has experienced a significant upward movement.

Residual fuel oil demand patterns continue to be puzzling. November deliveries fell 267 MBD (17.2%). The strength of the economy, at minimum, should have helped to lessen year-to-year declines, especially in the industrial sector. However, residual fuel oil prices, despite some recent erosion, have continued to be at relatively high levels, discouraging switchback to residual fuel oil. In the electric utility sector, weather also played a major role. The unusually warm summer caused electric utilities to use substantial quantities of residual fuel oil as a readily-available incremental fuel source, swinging year-to-year comparisons of use at utilities into the plus column. The practice lessened toward the end of the summer, and preliminary September data show only a minor current-year increase. There is thus reason to believe that electric utilities, with the return of more normal weather, may have reverted to the fuel usage pattern of early 1983, when sizable year-to-year residual fuel oil deficits were incurred. A small deficit, perhaps 25-30 MBD, occurred in the bunker fuel sector as worldwide shipping has been recovering only gradually.

For the first 9 months, kerosene jet fuel deliveries were about 3% greater than last year, while "miles flown" increased about 5%. With air traffic continuing to show year-to-year increases in October and November, and kerosene jet fuel deliveries rising 3% and 6% in October and November, respectively, the ratio of jet fuel usage to "miles flown" is likely to have remained roughly the same. As a result, the airlines continue to effect fuel efficiency improvements, though reduced acquisition of new planes may have slowed the pace.

"Other oils" showed a 165 MBD (4.6%) increase in November compared with last year, following a small increase in October. For the year to date, however, "other oils" supplied levels still trail last year by almost 100 MBD. More than 40% of the category covers natural gas liquid products and liquefied gases; the remainder consists of petrochemical feedstocks, asphalt, lubricants, and an array of miscellaneous petroleum products. Attached Exhibit II shows the trend of these two segments from January 1981 through September 1983. While both segments benefited in 1983 from the economic recovery, the non-NGL sector's rebound started earlier and was more pronounced. Revival of the chemical industry and related manufacturing activities played a large role. Greater road building and maintenance activities, funded by the April 1 increase in motor fuel taxes, also contributed to the turnaround.

(In millions of B/D)	NOVEMBER ESTIMATES			YEAR-TO-DATE ESTIMATES		
	1983	1982	% Change	1983	1982	% Change
—Total domestic products supplied	15.5	15.0	3.3	15.1	15.3	(1.5)
—Motor gasoline supplied	6.7	6.6	1.5	6.6	6.5	1.0
—Distillate fuel oil supplied	2.9	2.5	16.7	2.6	2.6	(0.9)
—Residual fuel oil supplied	1.3	1.5	(17.2)	1.4	1.7	(17.5)

SUPPLY[1/]

Total supply was minimally below last November's level, as a 408 MBD decrease in imports was almost fully offset by a 373 MBD increase in total domestic supply.

Crude oil production decreased about 60 MBD in November from year-ago levels, as a result of a roughly 100 MBD decline in lower 48 production, essentially accounted for by lower output in Texas. This decline was partially offset by growing Alaskan output. However, total production is still about 1.1 million barrels per day higher than the level that would likely have prevailed, had the declines of the seventies continued.

Imports fell 408 MBD (7.3%) below last November's level. The comparison with last year is somewhat misleading, however, as last November had the second-highest import level of the year, exceeding the average of the prior three months by almost 500 MBD on a seasonally-adjusted basis. However, imports, while showing a decline of about 7% from the seasonally-adjusted level prevailing during the quarter ending in September, have still grown at a rate of about 4% per month since early 1983.

During September, the latest month for which data are available, Mexico continued to hold the top position of exporters to the United States, a rank which it has maintained throughout 1983. Saudi Arabia was second, followed by Canada, Indonesia, Venezuela and the United Kingdom (the latter two in a tie). These countries accounted for more than half of total imports. This is the first time this year, however, the Saudi Arabia placed second. Imports from that country averaged about 180 MBD during the first seven months of the year with the figure more than doubling in August and tripling in September. As imports increased, recourse had to be taken to those sources where crude was readily available even though transport costs were slightly higher. Thus, it is not at all surprising that part of the growth in imports occurred in the Persian Gulf states.

With lower exports adding about one percentage point, November's rate of dependency on foreign sources on a "net imports" basis was 29% compared with about 32% last year.

Inventories rose about six million barrels in November, about in line with seasonal expectations. Gasoline stocks rose 10 million barrels from October levels, while distillate inventories rose 2 million barrels, both occurrences approximately in line with the experience of the mid-seventies. Gasoline inventories, at 35 days of supply, were also in line with the average since the mid-seventies. Distillate stocks, at 57 days of supply, are considered adequate, as crude inventories are well above minimum needs and available refinery capacity is ample. The current level of distillate stocks, while below last year, is about 25 million barrels above the estimated 140 million barrel pre-season minimum described in the August Monthly Statistical Report.

Over the past few years, high interest rates and other costs of holding inventories have forced close scrutiny of inventories, resulting in gradual reduction of inventory levels. This has also affected other business sectors. Attached Exhibit III compares inventory/sales ratios for manufacturing as whole with those of the petroleum industry since 1970. It is interesting to note that there is a high degree of correspondence between the movements of these ratios throughout economic cycles, though the ratio for the petroleum industry has remained considerably higher than for manufacturing as a whole.

Input to crude oil distillation units was about 100 MBD (0.8%) ahead of last November, though, as a result of decreased operable capacity, the utilization rate increased by more than 4 percentage points; it, in fact, rises into the low 80's, if only capacity in actual operation is used as base.

Drilling activity continues to show mixed results. The active rig count has been increasing steadily, and, seasonally adjusted, was about one-third higher in November than the April low and about 3% ahead of last year. Wells reported drilled, while still below last year's level, have risen some 10% from their seasonally-adjusted August low.

(In millions of B/D)	NOVEMBER ESTIMATES			YEAR-TO-DATE ESTIMATES		
	1983	1982	% Change	1983	1982	% Change
—Total supply	16.3	16.4	(0.2)	15.7	15.8	(0.6)
—Crude production[2/]	8.6	8.7	(0.7)	8.7	8.7	0.1
--Crude oil imports[3/4/]	3.3	3.7	(11.3)	3.1	3.4	(7.8)
--Product imports	1.9	1.9	0.5	1.7	1.6	3.3

1/ Total supply, i.e., production plus imports adjusted for net stock change is equal to total products supplied from primary storage. Total products supplied from primary storage less exports is equal to total domestic products supplied. Information contained in this report is derived from information published in the API Weekly Bulletin and is based on historical analysis of the industry. All data reflect the most current information available to the API and include all previously published revisions.

2/ Includes lease condensate.

3/ Beginning with January 1977, the U.S. Department of Energy began reporting crude oil imports as of the date of importation. Previously, this data, with the exception of Canadian crude imports, was reported as of the date it was received at the refinery. This change may affect both the level of crude oil imports and crude oil stocks. API estimates of these data may, therefore, differ slightly from those of the U.S. Department of Energy.

4/ API data do not include crude oil imported for the Strategic Petroleum Reserve (SPR) nor crude oil stocks held in the SPR (according to the U.S. Department of Energy, the SPR held approximately 371 million barrels as of November 30, 1983).

ESTIMATED UNITED STATES PETROLEUM BALANCE

(Daily Average in Thousands of 42 Gallon Barrels)

Supply/Products Supply From Primary Storage	NOVEMBER			YEAR-TO-DATE		
	1983[1]	1982[2]	% Change	1983[3R]	1982[2]	% Change
Products Supplied:						
Total motor gasoline	6,671	6,575	1.5	6,603	6,539	1.0
Finished leaded motor gasoline*	2,951	3,124	(5.5)	2,992	3,137	(4.6)
Finished unleaded motor gasoline*	3,720	3,451	7.8	3,611	3,402	6.1
Naphtha-jet	222	210	5.7	207	208	(0.5)
Kerosine-jet	892	845	5.6	828	800	3.5
Distillate fuel oil	2,880	2,467	16.7	2,621	2,644	(0.9)
Residual fuel oil	1,281	1,548	(17.2)	1,384	1,678	(17.5)
All other oils[4]	3,778	3,613	4.6	3,582	3,679	(2.6)
Reclassified[5]	- 211	- 247	(14.6)	- 169	- 267	(36.7)
Total domestic products supplied	15,513	15,011	3.3	15,056	15,281	(1.5)
Exports	640	786	(18.6)	752	811	(7.3)
Total products supplied	16,153	15,797	2.3	15,808	16,092	(1.8)
Supply:						
Domestic production:						
Crude oil[6]	8,635	8,697	(0.7)	8,662	8,653	0.1
Natural gas liquids	1,600	1,609	(0.6)	1,555	1,543	0.8
Other supply[7]	951	507	87.6	734	640	14.7
Total domestic supply	11,186	10,813	3.4	10,951	10,836	1.1
Imports:						
Crude oil, total	3,265[10/]	3,683[10/]	(11.3)	3,101[10/]	3,365[10/]	(7.8)
Canadian	306	244	25.4	270	211	28.0
Other	2,959	3,439	(14.0)	2,831	3,154	(10.2)
Products, total	1,892	1,882	0.5	1,681	1,627	3.3
Residual fuel oil	790	836	(5.5)	705	778	(9.4)
Other	1,102	1,046	5.4	976	849	15.0
Total imports	5,157	5,565	(7.3)	4,782	4,992	(4.2)
Total supply	16,343	16,378	(0.2)	15,733	15,828	(0.6)
Stock change, all oils	+ 190	+ 581	XXXX	- 75	- 264	XXXX
Refinery Operations						
Input to crude oil distillation units	12,238	12,145	0.8	11,960	12,197	(1.9)
Operable capacity	16,309	17,193	(5.1)	16,674	17,465	(4.5)
Refinery utilization (%)[8]	75.0%	70.6%	6.2	71.7%	69.8%	2.7
Crude oil runs	12,016	11,724	2.5	11,713	11,798	(0.7)

Stocks (millions bbls.)	1983		1982[2]	% Change from ...	
	Nov. 30[9]	Oct. 31[9]	Nov. 30	Previous Month	Year Ago
Crude oil 10/	349.1	350.1r/	357.6	(0.3)	(2.4)
Unfinished oils	109.0	112.0r/	111.8	(2.7)	(2.5)
Total motor gasoline**	235.8	226.0	230.1	4.3	2.5
Finished leaded motor gasoline*	95.9	92.2	95.6	4.0	0.3
Finished unleaded motor gasoline*	99.6	94.2	93.7	5.7	6.3
Naphtha-jet	6.2	6.7	6.1	(7.5)	1.6
Kerosine-jet	36.5	36.9	34.5	(1.1)	5.8
Distillate fuel oil	165.0	162.9	185.6	1.3	(11.1)
Residual fuel oil	51.6	48.1	66.4	7.3	(22.3)
All other oils	189.9	194.7r/	173.1	(2.5)	9.7
Total all oils	1,143.1	1,137.4r/	1,165.2	0.5	(1.9)

1/ Based on API estimated data converted to a monthly basis.
2/ Source: U.S. Department of Energy.
3/ Source: January-September, U.S. Department of Energy, October-November, API.
4/ Includes crude losses.
5/ Beginning with January 1981, U.S. Department of Energy began using a new data collection system which encompasses a method to ascertain the amount of product reclassified during the production phase. So that there will be no double counting of these volumes, they are subtracted from total domestic products supplied.
6/ Includes lease condensate.
7/ Includes Unaccounted-for crude oil, Refinery input of other hydrocarbons, and Processing gain.
8/ Represents "Input to crude oil distillation units" as a percent of "Operable capacity."
9/ Derived by interpolating API weekly stocks data.
10/ Data do not include oil imported for the Strategic Petroleum Reserve (SPR) nor crude oil stocks held in the SPR.
R/ Revised.
* Included in motor gasoline.
** Includes finished leaded, finished unleaded, and motor gasoline blending components stocks.

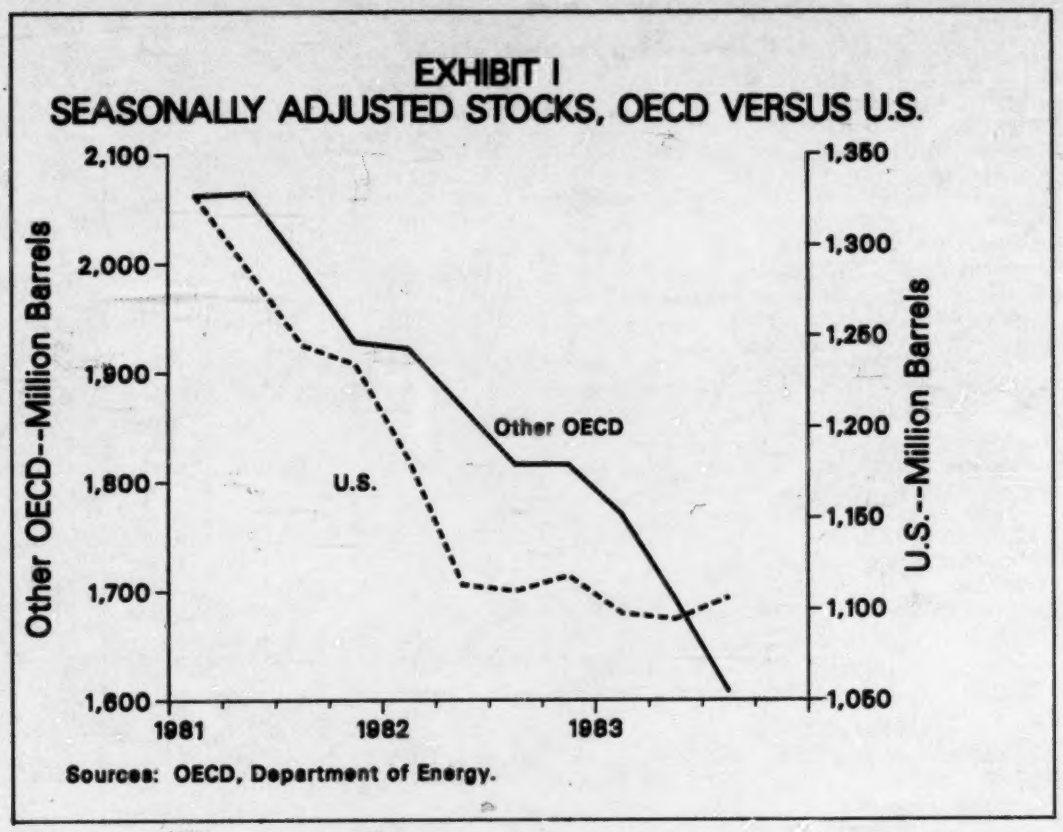


EXHIBIT I
SEASONALLY ADJUSTED STOCKS, OECD VERSUS U.S.
Other OECD--Million Barrels
U.S.--Million Barrels
2,100
2,000
1,900
1,800
1,700
1,600
1,350
1,300
1,250
1,200
1,150
1,100
1,050
Other OECD
U.S.
1981
1982
1983
Sources: OECD, Department of Energy.

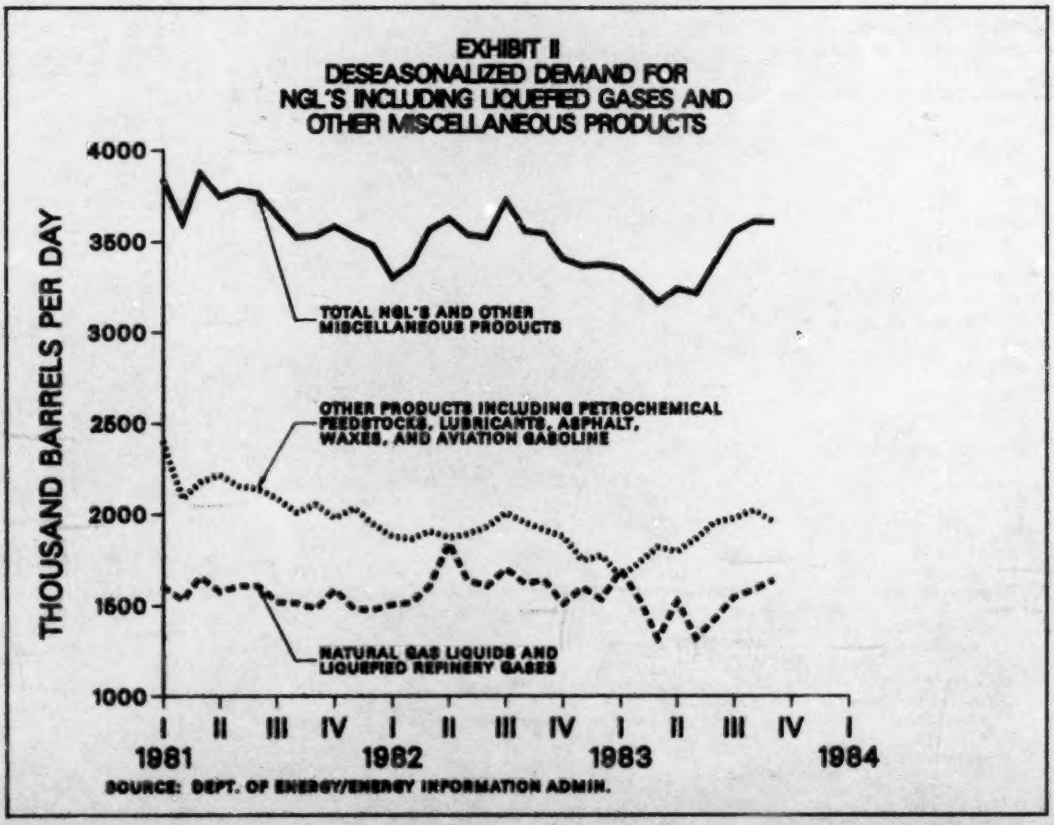
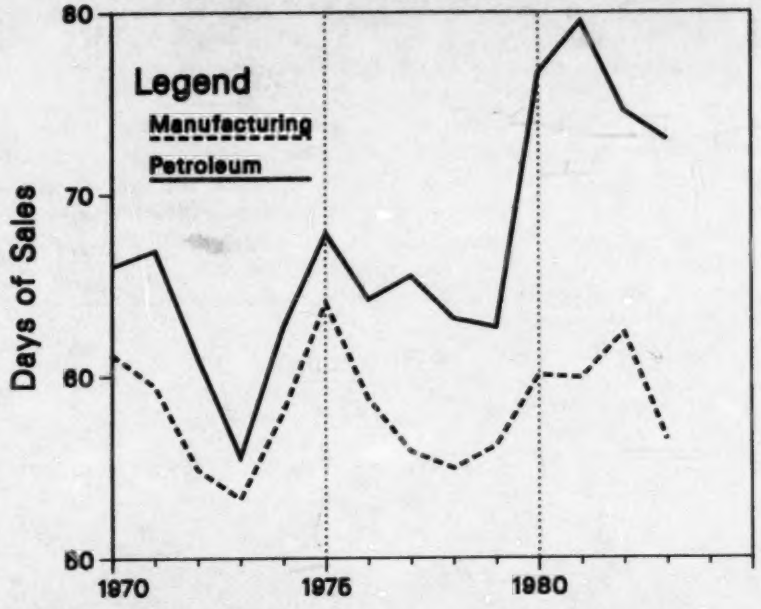


EXHIBIT II
DESEASONALIZED DEMAND FOR
NGL'S INCLUDING LIQUEFIED GASES AND
OTHER MISCELLANEOUS PRODUCTS
THOUSAND BARRELS PER DAY
4000
3500
3000
2500
2000
1500
1000
TOTAL NGL'S AND OTHER MISCELLANEOUS PRODUCTS
OTHER PRODUCTS INCLUDING PETROCHEMICAL FEEDSTOCKS, LUBRICANTS, ASPHALT, WAXES, AND AVIATION GASOLINE
NATURAL GAS LIQUIDS AND LIQUEFIED REFINERY GASES
I II III IV I II III IV I II III IV I
1981
1982
1983
1984
SOURCE: DEPT. OF ENERGY/ENERGY INFORMATION ADMIN.

EXHIBIT III
INVENTORY/SALES RATIOS



Note: Data are annual averages.
Sources: Department of Commerce, Department of Energy, American Petroleum Institute

1/23/84
A2575-2

American Petroleum Institute
1220 L Street, Northwest
Washington, D.C. 20005

Monthly Statistical Report

Prepared by the Statistics Department

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DECEMBER 1983

ESTIMATED U.S. PETROLEUM BALANCE

SUMMARY

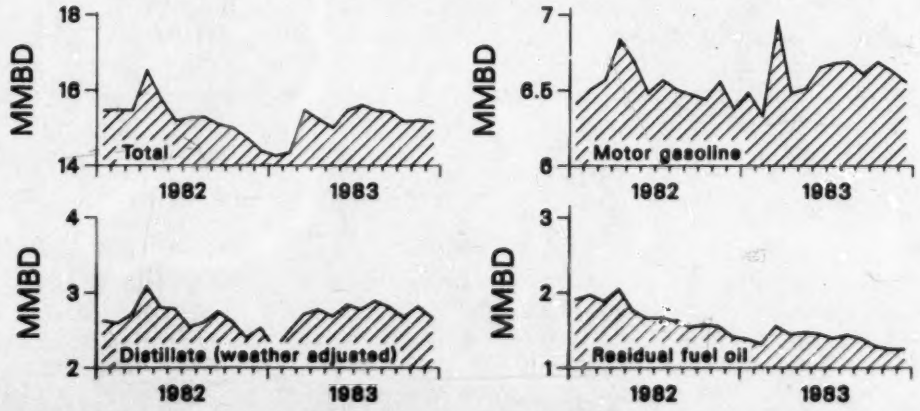
PETROLEUM PRODUCTS

While total domestic products supplied declined for the fifth consecutive year in 1983, the decrease - 165 MBD or 1.1% - was the smallest of that period. Product supplied levels have, in fact, been higher than in the corresponding 1982 period in every month since June. Exhibit I depicts the deseasonalized performance of the major products and of total domestic products supplied for 1982 and 1983. Higher second-half light product demand, an outgrowth of the vigorous economic recovery, was chiefly responsible for gradual stabilization of overall domestic demand. Residual fuel oil, alone of all major products, failed to respond to the revival of the economy; its rate of decline was about the same as in 1982. Residual fuel oil prices, ending an almost two-year price decline, have been on the rise since spring, while prices of competing fuels, such as natural gas, have stabilized. "Other oils", despite increases in the latter part of 1983 attributable to a substantial degree to revival of the chemical industry and greater road building and maintenance activities, still ended the year slightly below 1982 levels.

Crude production was virtually the same as in 1982. As inventories stabilized and demand picked up in late spring, imports started to rise substantially over early 1983 levels; for the year as a whole, however, imports were still almost 4% below 1982 levels. Crude stocks continue to be significantly above minimum needs, and product stocks are at adequate levels. Because of substantial, promptly-available refinery capacity, the crude cushion provides extra production flexibility.

Rig activity has been on an upward trend since its April trough, surpassing prior-year levels in November and December. The count of wells reported drilled continued to fall until August, then rose, but reached a new seasonally-adjusted low in December at a level more than 12% below the prior year. Seismic crew activity, a long-range indicator, rose gradually during the year, on a seasonally-adjusted basis, and in December was about 4% over depressed December 1982 levels.

EXHIBIT I



Sources: Department of Energy, American Petroleum Institute

TOTAL ENERGY

Total energy consumption continued to decline in 1983, falling an estimated 2.7% below 1982 levels for 9 months. With real GNP for that period up some 2.4% over the prior-year level, the energy/GNP ratio improved by 5%, falling from 47.9 thousand to 45.5 thousand BTU per constant 1972 GNP dollar. With fourth-quarter indicators reflecting a continued strong economy, factors affecting the energy/GNP ratio in that period are believed to have been similar to the third quarter's. As shown in Table A, we estimate a 1.5% drop in total energy consumption for 1983. The largest decrease was in natural gas consumption where the impact of regulation led to major market distortions.

TABLE A
ENERGY CONSUMPTION BY TYPE
(Quadrillion BTU's)

	Coal	Natural Gas	Petroleum	Other	Total
1982	15.4	18.5	30.4	6.7	71.1
1983	15.8	17.0	30.1	7.0	70.0
Change	+0.4	−1.5	−0.3	+0.3	−1.1
Percent change	+2.7%	−7.9%	−1.1%	+4.5%	−1.5%
1982 share	21.7	26.0	42.8	9.5	
1983 share	22.6	24.3	43.0	10.1	
Percentage point change in market share	+0.9	−1.7	+0.2	+0.6	
Year-to-year percent change in BTU's (by half year)					
First Half	−3.5%	−12.0%	−4.5%	+5.1%	−5.5%
Second Half	+8.7%	− 2.8%	+2.4%	+3.9%	+2.7%

Note: Figures rounded independently
Source: Department of Energy, API estimates

Several additional points are worth noting:

- Coal consumption increased, both in volume and share of total, while natural gas lost on both counts.
- Oil consumption decreased in volume but rose minimally in market share as a result of price decreases relative to other fuels. Though slight, the increase is the first since 1977.
- Hydroelectric and nuclear fuel (the major portion of "other" fuel sources) rose in volume and share of total energy. Hydroelectric supply is largely dictated by precipitation levels; some additional nuclear power capacity became available.

Perhaps even more illuminating is the fact that all major fuel sources showed year-to-year improvement in the second half versus the first half as the economic recovery took hold. Relatively stable coal and natural gas prices contributed to the improved picture and, with the exception of a partial recovery in residual fuel oil prices, major petroleum product prices declined.

PRODUCTS SUPPLIED[1/]

Gasoline

Gasoline supplied levels were consistently ahead of corresponding 1982 levels starting in August, and, for the year as a whole, increased 1.0% (67 MBD). This improvement coincided with constantly-falling gasoline prices, which have shown a week-to-week decline since late July. On an inflation-adjusted basis, gasoline pump prices are now some 6¢ (5%) below year-earlier levels, despite a 5¢ federal tax increase on motor fuels, effective April 1st, and state and local tax increases which added another cent. Increased real disposable personal income, a substantial price decline, and the direct and indirect effects accompanying the economic recovery, contributed to 1983's turnaround in gasoline demand.

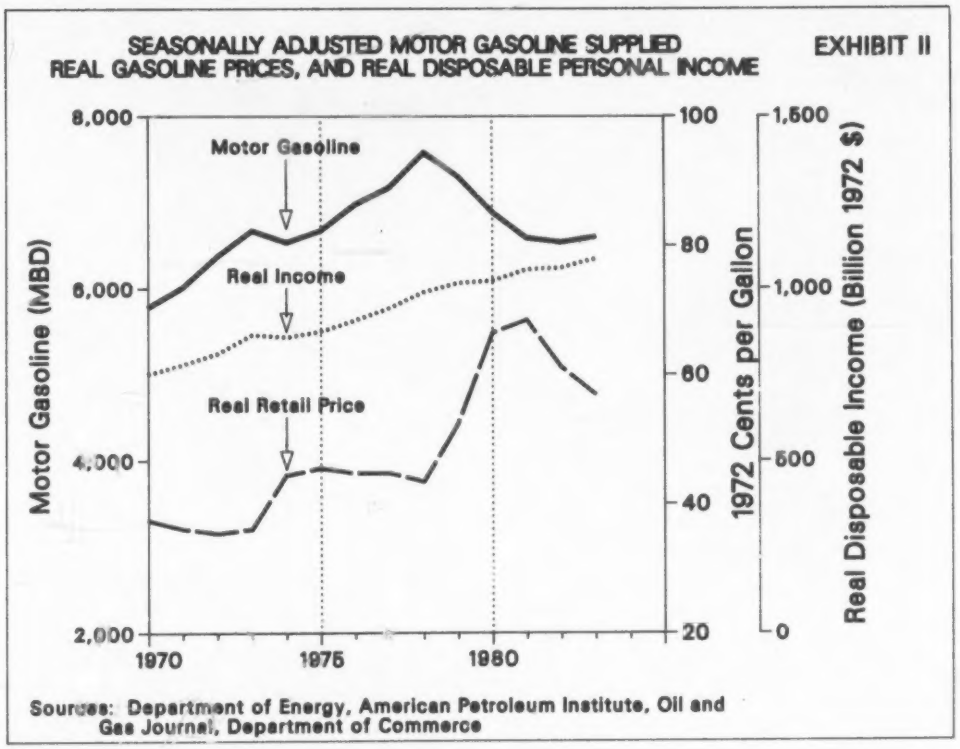


Exhibit II shows the relationship of these factors to gasoline demand since the early seventies. Except for late in the decade, when the effects of rapidly-rising prices dominated, there has been good correspondence between real disposable income and gasoline demand. The impact of price and income trends on gasoline demand since prices peaked in the first quarter of 1981 is estimated to be as follows: 1) The 7½% seasonally-adjusted rise in real disposable income is estimated to have boosted gasoline demand about 5%. 2) The near 20% fall in real gasoline prices raised demand about 4%. These increases, reflected in miles driven, were, however, offset by improved fuel efficiency savings in response to the prior years' price increases. Savings since early 1981 are estimated to have caused a decrease of about 9% in gasoline demand. Thus, overall, seasonally-adjusted gasoline demand in the fourth quarter of 1983 was about the same as at the beginning of 1981.

Unleaded gasoline's market share rose to 55% in 1983, roughly three percentage points greater than in 1982, a rate of change slightly higher than during the prior year but still only half the average increase experienced during the late seventies. Sales of new cars increased about 15% (18% for domestic cars only) in 1983 over the prior year. However, the scrappage rate is still below normal, and average car age reportedly has reached a record 7½ years. In addition, new cars added to the fleet have considerably-improved fuel efficiency, lessening overall demand for unleaded gasoline. As gasoline prices decreased in the 1981-1983 period, the composition of automobile sales changed substantially. In 1981, smaller-sized cars (subcompact, compact, and most imports) represented about 65% of the market and larger cars 35%. By 1983, the small car/large car proportion had changed to 55%/45%.

Distillates

Distillates supplied exceeded 1982 levels by 20 MBD (0.8%). While small, this is the first year-to-year increase since 1978. Early in the year, with warmer weather and truck and railroad traffic levels still below 1982 levels, distillate demand was substantially less than prior-year levels. However, as the economic recovery became more firmly established and truck and rail traffic levels rose, distillate demand increased. Falling distillate prices seem to have persuaded distributors to delay filling of secondary storage beyond the normal late summer/early fall fill-up periods—thus depressing distillate supply. However, inventories apparently were replenished in November.

During the first quarter, weather was some 12% warmer than in the corresponding 1982 period, summer 1983 temperatures were considerably above normal, and December, except for 1963, the coldest of the past fifty years (about 20% colder than normal, 40% colder than December 1982). These temperature departures resulted in sizable distillate demand changes, including such substantial fluctuations as a year-to-year decrease of more than 250 MBD in January and a December year-to-year increase of more than 300 MBD. For the year as a whole, however, the weather had only a negligible effect on heating oil demand.

The data in Table B below compare estimated distillate consumption (unadjusted for weather) for 1983 with 1982 on a sectoral basis:

TABLE B
Estimated Distillate Consumption By Sector (MBD)

	Second Half 1982	Second Half 1983	% Change	Year 1982	Year 1983	% Change
Residential	421	415	−1.4	495	461	−6.9
Commercial	200	189	−5.7	207	201	−3.2
Industrial	184	212	15.2	195	208	6.2
Farm	176	176	−0.4	188	184	−1.8
Oil Companies	75	74	−0.6	81	73	−10.1
Utilities	28	32	15.5	33	29	−11.4
Railroad	245	288	17.6	255	272	6.5
Bunkers	83	100	20.8	93	97	4.0
On-Highway	917	1021	11.3	926	995	7.4
Military	41	44	5.0	46	44	5.3
Off-Highway	110	132	19.4	102	116	14.5

Note: Percentage changes calculated independently based on total period volume rather than daily volume shown.

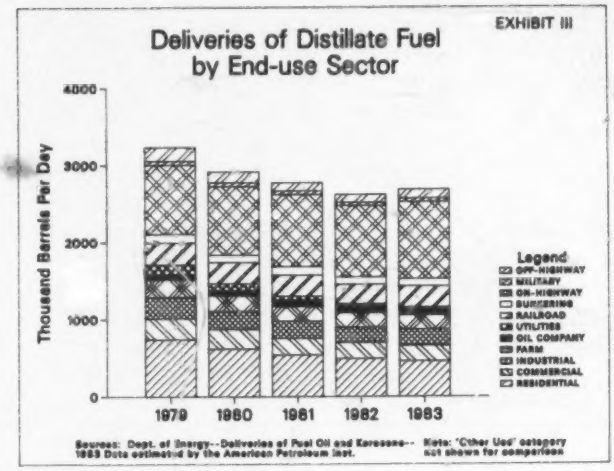
Source for 1982 Data: Department of Energy; 1982 data not adjusted for crude used directly.

Residential and commercial distillate use continued to decline in 1983. Fuel switching is likely to have been minimal as distillate fuel prices fell relative to the cost of competing fuels, but replacement of existing oil-heaters with new, more efficient units, and other conservation efforts have caused most of the decline. The economic recovery gained momentum as the year progressed. As a result, the five major distillate-consuming industrial groups registered a more-than-10% increase in activity during the first 9 months of the year, and we estimate total year activity to have exceeded that rate. Continuing conservation efforts, however, and the use of newer, more efficient machinery and processes likely held the increase in industrial distillate use to about 6%.

The Federal Highway Administration's report of special fuel sales, more than 90% of which is diesel fuel, showed a 7.4% increase for the first nine months of 1983. As reported usage continued at a strong pace during the fourth quarter of 1983, we expect the 7.4% "on-highway" increase to be sustained for the full year. Railroad revenue-ton-miles for bulk cargo increased only 3.6% in 1983 over 1982 levels; however, piggyback and other non-bulk cargo increased 20%. We estimate these traffic increases led to an estimated 6.5% increase in railroad distillate use.

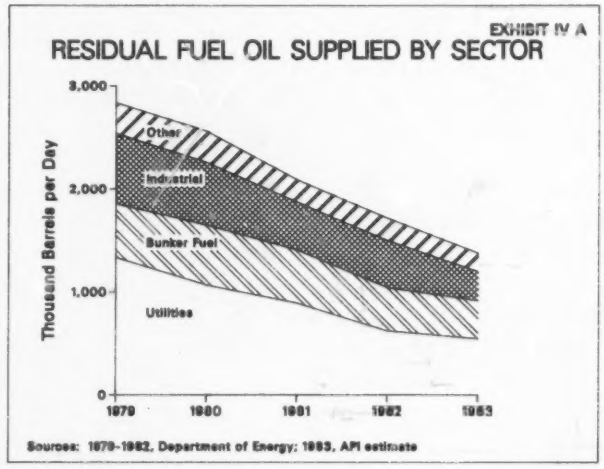
Construction activity surged in 1983, spurred by lower interest rates and the increase in available funds as a result of higher federal gasoline taxes. The real value of construction put in place during the first 9 months of 1983 increased 20% over the corresponding 1982 period, though some slowdown was experienced late in the year. For the year as a whole, we estimate off-highway use to have increased 14.5% over 1982 levels.

To provide historical perspective, changes in sectoral demand since 1979 are shown in Exhibit III.



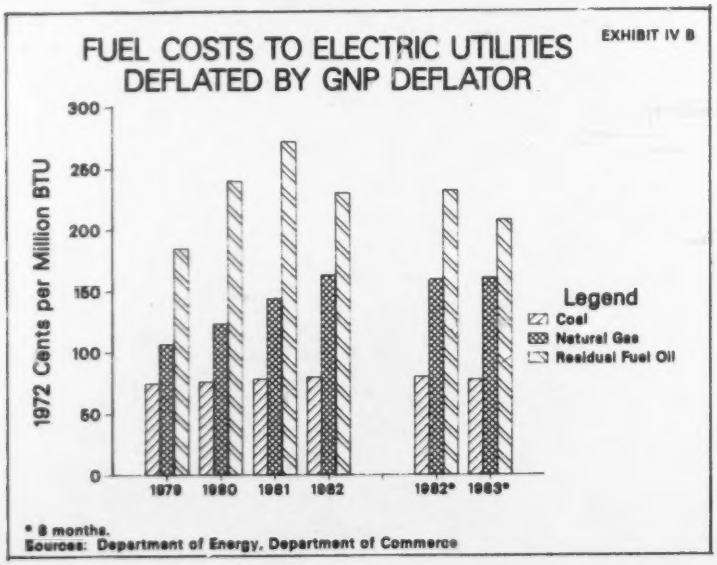
Residual Fuel Oil

Residual fuel oil supplied levels were 291 MBD (17.4%) below 1982's. As Exhibit IV A shows, total residual fuel oil demand has fallen uninterruptedly over the past five years. Of the total 1982/83 deficit, about 15% is estimated to have been caused by lower bunker fuel sales, about 25% by falling use at electric utilities, and the rest by the apparent failure of residual demand by the industrial sector to rebound.



Lower bunker fuel sales are the result of lower worldwide shipping levels, though activity likely has been picking up recently as world inventory reductions gradually abated and demand declines moderated. Electric utilities had used additional quantities of residual fuel oil as readily-available incremental fuel during 1983's abnormally warm summer, despite rising prices. But we believe they reduced residual fuel oil use as their overall energy input needs returned to more normal seasonal patterns in subsequent months. As a result, though total electricity output increased about 3% in 1983 over the prior year, the utilities' total 1983 use of residual fuel oil is estimated to have still been some 80 MBD below 1982 levels.

Price history of major fuel sources used by the utilities as energy input, adjusted for inflation, is shown in Exhibit IV B for the years 1979-1982 and for 1982/1983 as comparison of 8 month periods.



The real unit cost of coal input, which had risen marginally between 1979 and 1982, showed a year-to-year decline in 1983, and coal concurrently increased its share ot input. Natural gas prices rose substantially during the 1979-82 period, but stabilized in early 1983. For the first 8 months of 1983, natural gas prices, adjusted for inflation, were virtually the same as for the corresponding 1982 period. As a consequence, natural gas demand by utilities, down about 16% during the first half of 1983 versus the prior year, subsequently showed moderating rates of decline. Rising residual fuel oil prices undoubtedly also played a part in the recent apparent improvement in natural gas demand. The rate of increase in residual fuel oil prices was not sufficient to bring its average 8-month 1983 price level above the corresponding 1982 period but may have induced some switching to other fuels. As a result, the utilities' total 8-month 1983 residual fuel oil demand fell short of the prior year's.

The apparently-continuing decline in the industrial sector is the most puzzling. Despite an increase in industrial activity, as reflected in the 16% (December 1982 to December 1983) increase in the industrial production index, residual fuel oil demand in the industrial sector appears to have declined substantially. However, only about 4% of the industrial sector's energy requirements are satisfied by residual fuel oil, too small to be accurately compared with overall industrial growth. Additionally, regional price differences between residual fuel oil and natural gas are frequently substantial, often favoring natural gas.

Kerosene Jet Fuel

Kerosene jet fuel supplied levels were 4.1% higher in 1983 than in the prior year, while miles flown, on the basis of ten months' data and preliminary air traffic reports for November and December, are estimated to have risen about 5%. Airlines reduced purchases of new aircraft in 1983 because of capital budget limitations, but apparently were still able to realize an improvement in fuel efficiency.

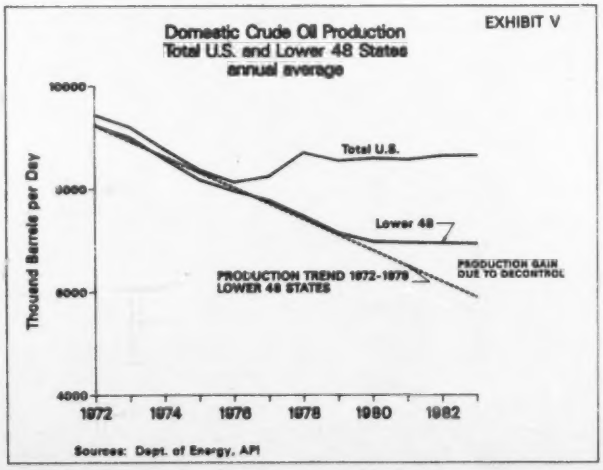
(In millions of B/D)	DECEMBER ESTIMATES			YEAR-TO-DATE ESTIMATES		
	1983	1982	% Change	1983	1982	% Change
—Total domestic products supplied	16.2	15.5	4.8	15.1	15.3	(1.1)
—Motor gasoline supplied	6.7	6.5	2.0	6.6	6.5	1.0
—Distillate fuel oil supplied	3.3	2.8	17.3	2.7	2.7	0.8
—Residual fuel oil supplied	1.4	1.6	(9.4)	1.4	1.7	(17.4)

PETROLEUM SUPPLY[1/]

Total supply was 98 MBD below last year's level, as total domestic supply rose 96 MBD while imports declined 194 MBD.

Production

Crude production was at almost the same level as last year. Slightly higher Alaskan production, paced by increased output from the Kuparuk field, offset a minimal reduction in lower 48 production. As Exhibit V shows, gains in production, achieved as a result of decontrol of crude oil prices, have been able to offset natural field declines. Current production in the lower 48 is estimated to be about 1.1 million barrels per day higher than would have occurred with continued controls.

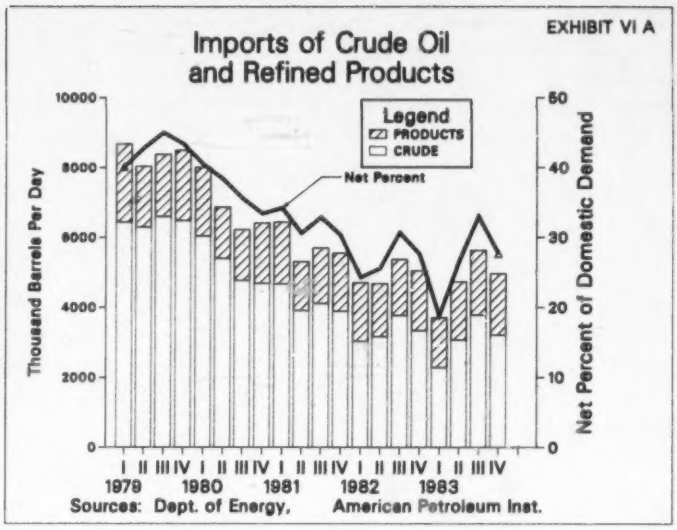


Imports

While 3.9% below last year for 1983 as a whole, imports have risen substantially since the seasonally-adjusted low early in 1983, topping the prior-year April-December period by about 1%. Along with the recent rise in imports have come changes in the relative proportion of crude and product imports and in import sources.

Between 1979 and 1983, total imports fell about 43% or about 3.6 MMBD. However, all but 7% of the decline in volume occurred in the importation of crude. As Exhibit VI A shows, product imports now represent a much larger share of total imports—about 35%—than the 23% share in 1979. This is at least a partial return to the more than 60% rate existing in 1970, prior to the imposition of price controls which encouraged importation of crude.

EXHIBIT VI A

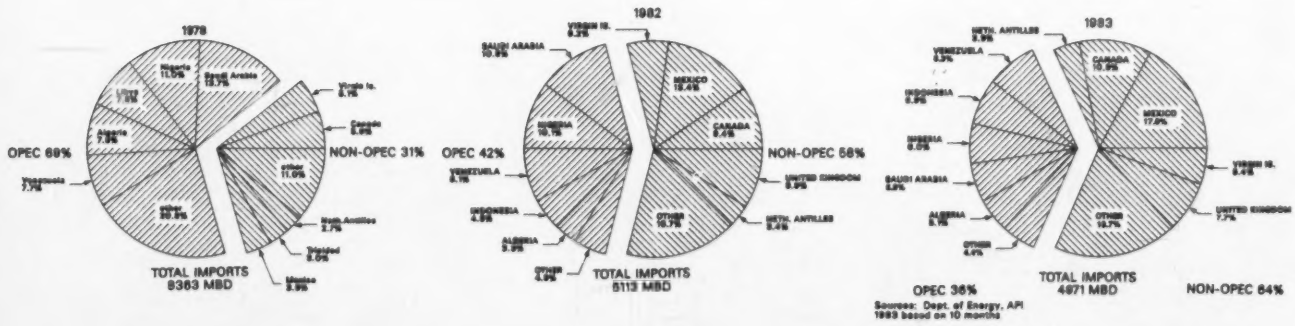


U.S. net dependency, which had fallen from about 40% in the first quarter of 1979 to less than half that rate in the corresponding 1983 quarter, has since returned to a roughly 30% level, as demand increased, inventory levels stabilized, and export levels receded.

Exhibit VI B shows changes in import sources. While imports from OPEC accounted for almost 69% of total imports in 1978, its share fell to 42% in 1982 and about 36% for 1983 (10 months), reflecting growing production in such non-OPEC areas as the North Sea and Mexico.

Imports of Crude Oil and Refined Products
by Source--includes SPR imports

EXHIBIT VI B



In 1978, Saudi Arabia was the United States' leading supplier, followed by Nigeria, Libya, Algeria, and Venezuela. In 1983 (10 months' data), Mexico was the leading supplier, followed by Canada, Venezuela, the United Kingdom, and Indonesia. Imports from Saudi Arabia and Indonesia, which both had averaged about 200 MBD in the first quarter of 1983, have each more than doubled in recent months. This reflects recourse to sources where crude was readily available—though transport costs likely were higher—when import levels started to rise.

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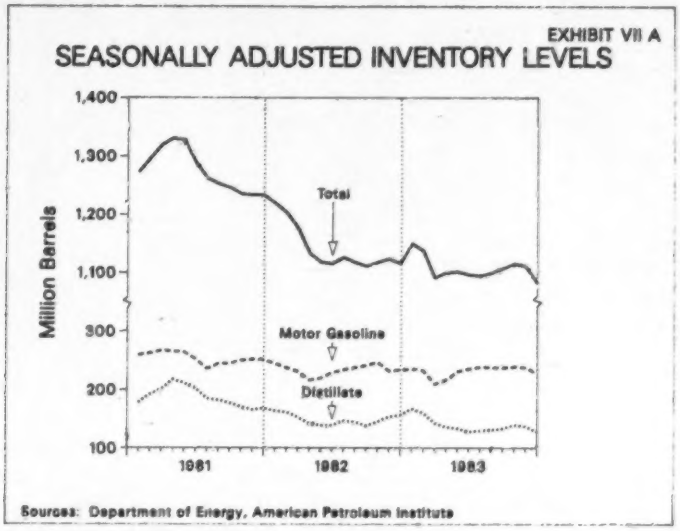
Inventories

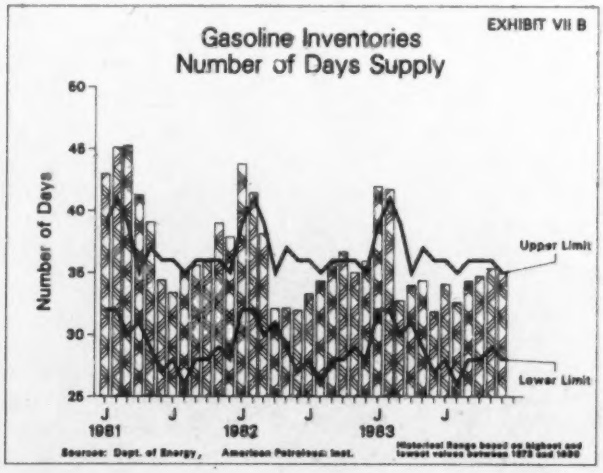
By spring, the downward trend in inventories seemed, for the most part, to have run its course. As Exhibit VII A shows, stocks since then have not varied substantially, on a seasonally-adjusted basis, though the continued high cost of holding inventories has encouraged ongoing attention to inventory levels.



Gasoline inventories at the end of December represented about 34 days of supply, roughly average for this time of year. Distillate stocks, reduced toward the end of December by a combination of higher demand resulting from severely cold weather and production decreases caused by weather-related refinery interruptions, represented 44 days of supply. Probably because of sizable fill-up of secondary inventories in November, distillate inventories fell only 19 million barrels in December, despite the extremely cold weather. This drawdown is roughly comparable to the average since the mid-seventies.

With distillate production since the late-December cold spell gradually returning to normal, distillate stocks, at more than 146 million barrels at year end, continue to be adequate, especially in view of the more than 50 million barrel excess in crude stocks. The flexibility of the refining system, with close to four million additional barrels of available refining capacity, is another readily-available source of distillate supply.

Exhibit VII B portrays the number of days of supply for major products for the 1981-83 period. Gasoline inventories were in the upper range of previously-experienced limits in 1983. Distillate inventories, likely because of 1983's radical temperature deviations and often-abnormal secondary inventory fillings, experienced substantial swings.



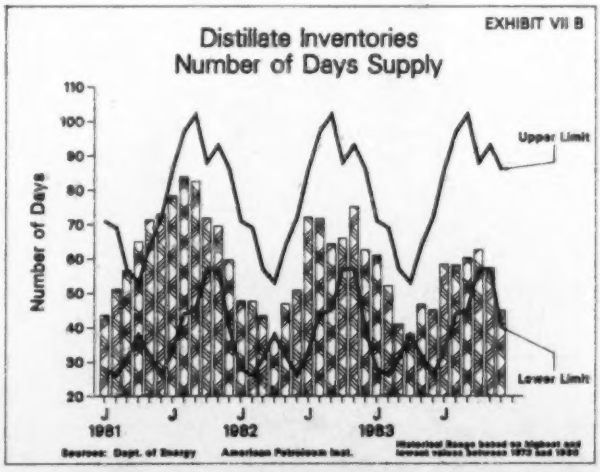


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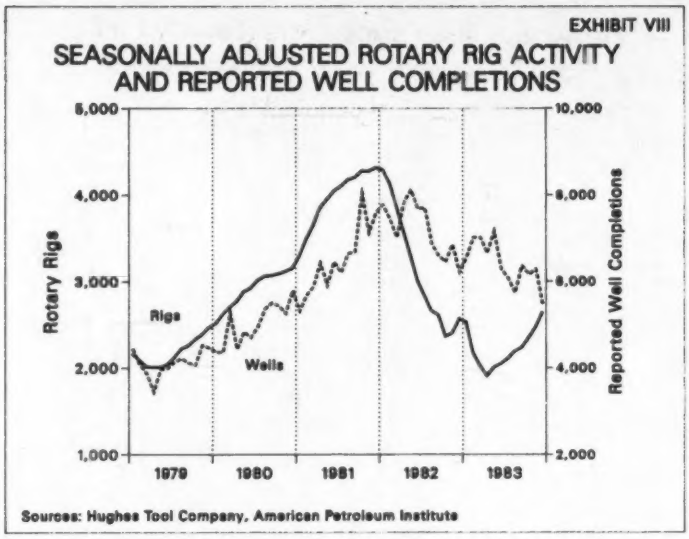
EXHIBIT VIII



Exploration

As Exhibit VIII shows, the count of active rigs has risen uninterruptedly since April and, in December, seasonally-adjusted, was about 40% above the April low. Prior-year levels were surpassed during the last two months of the year. Wells reported drilled, seasonally adjusted, had been rising since the August low but again declined in December. Preliminary data indicate that reported well completions were down about 11% in 1983 compared with 1982 levels. However, because of reporting lags, the drop in actual completions is likely to have been greater. Gas well completions, for example, on the basis of wells reported drilled, were down 18 percent. However, analysis of data available to date for wells actually completed in 1982 and 1983 indicate a drop of 30 percent or more. Oil completions, however, were down about 8 percent on either basis.

Seismic activity, a longer-range indicator, has been rising over most of the year, though its only-gradual rate of increase reflects the continuing caution instilled by ample worldwide supplies and the high cost of exploration.

(In millions of B/D)	DECEMBER ESTIMATES			YEAR-TO-DATE ESTIMATES		
	1983	1982	% Change	1983	1982	% Change
—Total supply	15.3	15.4	(0.8)	15.7	15.8	(0.6)
—Crude production[2/]	8.6	8.6	0.2	8.7	8.6	0.1
—Crude oil imports[3/4/]	3.1	2.9	6.7	3.1	3.3	(7.2)
—Product imports	1.6	1.6	(1.9)	1.7	1.6	2.8

1/ Total supply, i.e., production plus imports adjusted for net stock change is equal to total products supplied from primary storage. Total products supplied from primary storage less exports is equal to total domestic products supplied. Information contained in this report is derived from information published in the API Weekly Bulletin and is based on historical analysis of the industry. All data reflect the most current information available to the API and include all previously published revisions.

2/ Includes lease condensate.

3/ Beginning with January 1977, the U.S. Department of Energy began reporting crude oil imports as of the date of importation. Previously, this data, with the exception of Canadian crude imports, was reported as of the date it was received at the refinery. This change may affect both the level of crude oil imports and crude oil stocks. API estimates of these data may, therefore, differ slightly from those of the U.S. Department of Energy.

4/ API data do not include crude oil imported for the Strategic Petroleum Reserve (SPR) nor crude oil stocks held in the SPR (according to the U.S. Department of Energy, the SPR held approximately 379 million barrels as of December 31, 1983).

ESTIMATED UNITED STATES PETROLEUM BALANCE

(Daily Average in Thousands of 42 Gallon Barrels)

Supply/Products Supply From Primary Storage	DECEMBER			YEAR-TO-DATE		
	1983[1]	1982[2]	% Change	1983[3R]	1982[2]	% Change
Products Supplied:						
Total motor gasoline	6,679	6,549	2.0	6,606	6,539	1.0
Finished leaded motor gasoline*	2,823	3,063	(7.8)	2,970	3,130	(5.1)
Finished unleaded motor gasoline*	3,856	3,486	10.6	3,636	3,409	6.7
Naphtha-jet	194	214	(9.3)	208	209	(0.5)
Kerosine-jet	906	842	7.6	837	804	4.1
Distillate fuel oil	3,338	2,846	17.3	2,681	2,661	0.8
Residual fuel oil	1,410	1,556	(9.4)	1,377	1,668	(17.4)
All other oils[4]	3,906	3,689	5.9	3,598	3,680	(2.2)
Reclassified[5]	- 199	- 207	(3.9)	- 173	- 262	(34.0)
Total domestic products supplied	16,234	15,489	4.8	15,134	15,299	(1.1)
Exports	647	860	(24.8)	737	815	(9.6)
Total products supplied	16,881	16,349	3.3	15,871	16,114	(1.5)
Supply:						
Domestic production:						
Crude oil[6]	8,619	8,598	0.2	8,655	8,649	0.1
Natural gas liquids	1,609	1,629	(1.2)	1,567	1,550	1.1
Other supply[7]	416	700	(40.6)	718	645	11.3
Total domestic supply	10,644	10,927	(2.6)	10,940	10,844	0.9
Imports:						
Crude oil, total	3,070[10/]	2,877[10/]	6.7	3,083[10/]	3,323[10/]	(7.2)
Canadian	243	248	(2.0)	270	214	26.2
Other	2,827	2,629	7.5	2,813	3,109	(9.5)
Products, total	1,575	1,605	(1.9)	1,671	1,625	2.8
Residual fuel oil	606	747	(18.9)	685	776	(11.7)
Other	969	858	12.9	986	849	16.1
Total imports	4,645	4,482	3.6	4,754	4,948	(3.9)
Total supply	15,289	15,409	(0.8)	15,694	15,792	(0.6)
Stock change, all oils	-1,592	- 940	XXXX	- 177	- 322	XXXX
Refinery Operations						
Input to crude oil distillation units	11,474	11,898	(3.6)	11,914	12,171	(2.1)
Operable capacity	16,309	17,076	(4.5)	16,644	17,432	(4.5)
Refinery utilization (%)[8]	70.4%	69.7%	1.0	71.6%	69.8%	2.6
Crude oil runs	11,264	11,514	(2.2)	11,675	11,774	(0.8)

Stocks (millions bbls.)	1983		1982[2]	% Change from ...	
	Dec. 31[9]	Nov. 30[9]	Dec. 31[11]	Previous Month	Year Ago
Crude oil[10]	348.8	348.9r/	350.0	-	(0.3)
Unfinished oils	104.9	109.0	105.3	(3.8)	(0.4)
Total motor gasoline**	229.7	236.0r/	244.3	(2.7)	(6.0)
Finished leaded motor gasoline*	96.0	95.8r/	102.2	0.2	(6.1)
Finished unleaded motor gasoline*	94.6	99.8r/	100.4	(5.2)	(5.8)
Naphtha-jet	6.9	6.2	7.2	11.3	(4.2)
Kerosine-jet	33.3	36.6r/	32.0	(9.0)	4.1
Distillate fuel oil	146.5	165.1r/	185.6	(11.3)	(21.1)
Residual fuel oil	49.9	53.2r/	68.2	(6.2)	(26.8)
All other oils	183.5	197.8r/	175.6	(7.2)	4.5
Total all oils	1,103.5	1,152.8r/	1,168.2	(4.3)	(5.5)

1/ Based on API estimated data converted to a monthly basis.
2/ Source: U.S. Department of Energy.
3/ Source: January-October, U.S. Department of Energy, November-December, API.
4/ Includes crude losses.
5/ Beginning with January 1981, U.S. Department of Energy began using a new data collection system which encompasses a method to ascertain the amount of product reclassified during the production phase. So that there will be no double counting of these volumes, they are subtracted from total domestic products supplied.
6/ Includes lease condensate.
7/ Includes Unaccounted-for crude oil, Refinery input of other hydrocarbons, and Processing gain.
8/ Represents "Input to crude oil distillation units" as a percent of "Operable capacity."
9/ Derived by interpolating API weekly stocks data.
10/ Data do not include oil imported for the Strategic Petroleum Reserve (SPR) nor crude oil stocks held in the SPR.
11/ New DOE 12/31/82 basis.
R/ Revised.
* Included in motor gasoline.
** Includes finished leaded, finished unleaded, and motor gasoline blending components stocks.

ESTIMATED UNITED STATES PETROLEUM BALANCE

(Daily Average in Thousands of 42 Gallon Barrels)

Supply/Products Supplied From Primary Storage	4th QUARTER		
	1983[1]	1982[2]	% Change
Products Supplied:			
Total motor gasoline	6,639	6,504	2.1
Finished leaded motor gasoline*	2,884	3,075	(6.2)
Finished unleaded motor gasoline*	3,755	3,429	9.5
Naphtha-jet	199	205	(2.9)
Kerosine-jet	870	818	6.4
Distillate fuel oil	2,944	2,631	11.9
Residual fuel oil	1,279	1,517	(15.7)
All other oils[3]	3,788	3,686	2.8
Reclassified[4]	- 195	- 240	(18.8)
Total domestic products supplied	15,524	15,121	2.7
Exports	621	860	(27.8)
Total products supplied	16,145	15,981	1.0
Supply:			
Domestic production:			
Crude oil[5]	8,636	8,665	(0.3)
Natural gas liquids	1,604	1,589	0.9
Other supply[6]	660	687	(3.9)
Total domestic supply	10,900	10,941	(0.4)
Imports:			
Crude oil, total	3,192[9/]	3,334[9/]	(4.3)
Canadian	276	235	17.4
Other	2,916	3,099	(5.9)
Products, total	1,752	1,706	2.7
Residual fuel oil	667	788	(15.4)
Other	1,085	918	18.2
Total imports	4,944	5,040	(1.9)
Total supply	15,844	15,981	(0.9)
Stock change, all oils	- 301	-	XXXX
Refinery Operations			
Input to crude oil distillation units	11,886	12,065	(1.5)
Operable capacity	16,310	17,163	(5.0)
Refinery utilization (%)[7]	72.9%	70.3%	3.7
Crude oil runs	11,679	11,662	0.1

Stocks (millions bbls.)	4th QUARTER		
	1983[8]	1982[2]	% Change
Crude oil	348.8[9/]	350.0[9/10/]	(0.3)
Unfinished oils	104.9	105.3	(0.4)
Total motor gasoline**	229.7	244.3	(6.0)
Finished leaded motor gasoline*	96.0	102.2	(6.1)
Finished unleaded motor gasoline*	94.6	100.4	(5.8)
Naphtha-jet	6.9	7.2	(4.2)
Kerosine-jet	33.3	32.0	4.1
Distillate fuel oil	146.5	185.6	(21.1)
Residual fuel oil	49.9	68.2	(26.8)
All other oils	183.5	175.6	4.5
Total all oils	1,103.5	1,168.2	(5.5)

1/ Source: U.S. Department of Energy, October; November-December, API.
2/ Source: U.S. Department of Energy.
3/ Includes crude losses.
4/ Beginning with January 1981, U.S. Department of Energy began using a new data collection system which encompasses a method to ascertain the amount of product reclassified during the production phase. So that there will be no double counting of these volumes, they are subtracted from total domestic products supplied.
5/ Includes lease condensate.
6/ Includes Unaccounted-for crude oil, Refinery input of other hydrocarbons, and Processing gain.
7/ Represents "Input to crude oil distillation units" as a percent of "Operable capacity."
8/ Derived by interpolating API weekly stocks data.
9/ Data do not include oil imported for the Strategic Petroleum Reserve (SPR) nor crude oil stocks held in the SPR.
10/ New DOE 12/31/82 basis.
* Included in motor gasoline.
** Includes finished leaded, finished unleaded, and motor gasoline blending components stocks.

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American Petroleum Institute
1220 L Street, Northwest
Washington, D.C. 20005

Monthly Statistical Report

Prepared by the Statistics Department

Vol. 8, No. 1

FEBRUARY 15, 1984

JANUARY 1984

ESTIMATED U.S. PETROLEUM BALANCE

SUMMARY

The level of total petroleum products supplied rose 2,457 MBD (16.6%) in January over year-earlier deliveries. As detailed by product category below, about two-thirds of the total increase is the result of adjustments in distributor and end-user inventories this year or last, and the remainder stems from an increase in demand from both the growth of the economy and weather-related factors. All product categories shared in the increase; for residual fuel oil it was the first month since April 1982 that a year-to-year gain occurred. Exhibits I-IV visually indicate the dramatic effect of changes in distributor and end-user inventories on domestic deliveries of petroleum products.

Crude production remained stable, in the main because net increases in Alaskan production continue to offset slight declines in lower 48 production. Imports, while considerably above last January's, are approximately in line with recent months' levels.

Almost half the 62 million barrel drop in total inventories from December levels - twice the average January draw and the largest January drawdown in at least five years - is believed to have resulted from replenishment of non-primary inventories.

Production of major products increased substantially in January. Distillate output, for example, was up about 300 MBD over the prior-year level, approximately equal to the combined increase of base demand and weather-related additional needs.

Drilling activities showed mixed results. The number of active rigs fell roughly 3% from the prior month on a seasonally-adjusted basis but increased slightly over last January. The January report for wells drilled is not yet available. Year 1983 data had shown a decrease of more than 11%, with a decline in gas well activity more than twice the size as that for oil wells from 1982 levels. Because of reporting lags, the drop in total actual completions is likely to have been greater.

PRODUCTS SUPPLIED[1/]

Gasoline

The level of gasoline supplied rose 475 MBD (7.9%) over January 1983. Gasoline pump prices moved in a narrow range in January but, adjusted for inflation, were about 2¢ below last January—and some 35¢ (23%) below their early 1981 high. Real disposable personal income rose approximately 5% (Nov. 1982/Nov. 1983). The price decrease and the mid-year general turnaround of the economy are estimated to have accounted for about half the increase in gasoline deliveries over January 1983. The remainder is likely to have resulted from filling of non-primary storage that had apparently been at the low end of the seasonal range.

Unleaded gasoline's market share rose to more than 58%, a two percentage point increase over last January, much smaller than the roughly six-percentage-point advance experienced in the seventies, but in line with recent-year performance. Increases in unleaded's market share continue to be slowed down by below-normal vehicle scrappage rates and reduction in demand related to increased fleet efficiency.

Distillates

Distillates supplied rose 968 MBD (35.1%) compared with last January. More than 650 MBD of that increase can be traced to changes in non-primary inventory levels this year and last. Delivery levels last January were well below then-prevailing demand levels and some 300-400 MBD represents filling of distributor and end user storage this year. Part of this year's substantial transfer to secondary and tertiary storage is apparently the result of non-primary inventories having been unusually low for this time of year. However, some additional filling may well have taken place because of a perception that supply problems might develop in the wake of December's extremely cold weather and the temporary production problems it created. Recent production levels should eliminate that concern.

Gains in on-highway and railroad traffic increased actual demand by about 175 MBD over last January; the effect of colder weather added another 100-125 MBD.

Residual Fuel Oil

Residual fuel oil supplied levels rose 269 MBD (17.1%) over last January's, the first year-to-year increase since April 1982. We doubt this increase represents any strengthening of residual fuel oil demand. Rather, for residual fuel oil, too, it was apparently the result of inventory handling in non-primary storage resulting in below-average deliveries last year and stock replenishment this year of almost 200 MBD. Electric utilities alone had roughly 20 million barrels less inventory of heavy fuel (mostly residual fuel oil) in November of 1983 than a year earlier and had been increasing inventories only gradually over the prior several months.

Kerosine Jet Fuel

The level of kerosine jet fuel supplied rose 223 MBD (29.3%) in January compared with the prior year's "Miles flown" increased almost 6% for 11 months of 1983 versus the corresponding 1982 period. With December and January air traffic reportedly continuing at relatively high levels, a meaningful rate of increase is likely to have also been achieved during the past two months. Below-normal inventory levels in late 1983 and some slowdown of kerosine jet fuel deliveries in late December as a result of weather-related refinery disruptions may have left end-user storage somewhat below desired levels, causing larger-than-normal takings in January. This factor is likely to represent the largest portion of the near-30% January increase; the year-to-year increase in kerosine jet fuel use had been running at an average rate of only 4% during 1983.

Other Oils

Essentially similar developments as for the major products occurred for the remainder of the barrel, largely included under "other oils". As a result, an increase of 393 MBD (10.3%) is estimated for this aggregation of products. Undoubtedly, the colder weather spurred increased use of propane for heating purposes and weather-related crop preservation measures. Demand for non-LPG products, such as petrochemical feedstocks and asphalts, has been strong, as the chemical industry began to recover and highway building and maintenance programs accelerated. Reportedly, inventories, especially of non-LPG products, had also been below normal levels towards year end and were recently replenished.

JANUARY ESTIMATES

(In millions of B/D)

	1984	1983	% Change
—Total domestic products supplied	17.2	14.8	16.6
—Motor gasoline supplied	6.5	6.0	7.9
—Distillate fuel oil supplied	3.7	2.8	35.1
—Residual fuel oil supplied	1.8	1.6	17.1

PETROLEUM SUPPLY[1/]

Total supply increased 636 MBD above last January as a result of an 888 MBD increase in imports, offset by a 252 MBD decrease in total domestic supply.

Production

Crude production was up a minimal 0.2% over last January's level. The essentially stable level of total U.S. crude production over the past two years clouds the fact that there has been a gradual increase in Alaskan production, while lower 48 output has deteriorated somewhat. Despite this decline, however, the current level of lower 48 production is still more than 1.1 million barrels per day higher than would have been the case, had the downward trend of the price-controlled seventies continued.

Imports

Imports rose 888 MBD (21.4%) over last January's. Almost three-quarters of the increase was represented by product imports, which constituted 41% of total January imports, compared with about 35% in January of last year. Products have gradually been regaining a greater share of total imports after a steady decline in share during the seventies, mainly because of then-prevailing price controls.

United States dependency on foreign sources, based on "net" imports, was almost 26%, some 4% above last year's level. Mexico continued to be the largest supplier of U.S. imports in November, the latest month for which data are available, followed by Saudi Arabia, Canada, and the Virgin Islands.

Inventories

Total inventories represented 60 days of supply, stocks having fallen about 62 million barrels since December, almost twice the average January level. Assuming no interruption in foreign crude supplies, current stock levels are considered entirely adequate.

Gasoline inventories, at 35 days of supply, are close to the average prior to the early 1980's. Distillate stocks represent 32 days of supply, the lowest January "days of supply" level since 1977's 28 days. Because of the large build-up in non-primary storage, the current days of supply are understated. With crude inventories still high by 50-60 million barrels, additional refinery capacity on call, and distillate imports readily available on world markets, the current distillate inventory is considered adequate. Distillate imports in January averaged some 250 MBD, more than four times the prior-year level.

Exploration

The count of active rigs showed a slight downward drift during January but was minimally above January 1983 levels. January data for wells reported drilled are not yet available. 1983 data show wells drilled falling 11% below prior-year levels; however, because of lags in reporting, the drop in actual completions was probably greater.

JANUARY ESTIMATES

(In millions of B/D)

	1984	1983	% Change
—Total supply	15.9	15.2	4.2
—Crude production[2/]	8.7	8.7	0.2
—Crude oil imports[3/4/]	3.0	2.7	9.5
—Product imports	2.1	1.4	43.9

1/ Total supply, i.e., production plus imports adjusted for net stock change is equal to total products supplied from primary storage. Total products supplied from primary storage less exports is equal to total domestic products supplied. Information contained in this report is derived from information published in the API Weekly Bulletin and is based on historical analysis of the industry. All data reflect the most current information available to the API and include all previously published revisions.

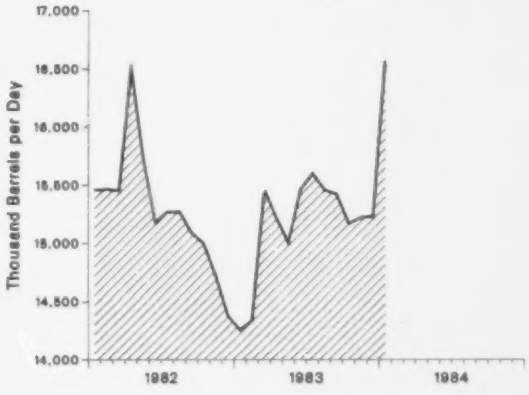
2/ Includes lease condensate.

3/ Beginning with January 1977, the U.S. Department of Energy began reporting crude oil imports as of the date of importation. Previously, this data, with the exception of Canadian crude imports, was reported as of the date it was received at the refinery. This change may affect both the level of crude oil imports and crude oil stocks. API estimates of these data may, therefore, differ slightly from those of the U.S. Department of Energy.

4/ API data do not include crude oil imported for the Strategic Petroleum Reserve (SPR) nor crude oil stocks held in the SPR (according to the U.S. Department of Energy, the SPR held approximately 384 million barrels as of January 31, 1984).

EXHIBIT I

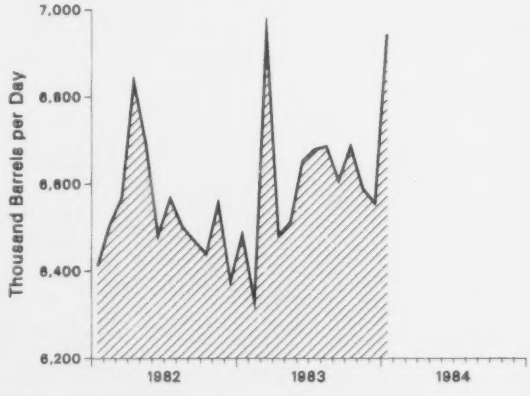
SEASONALLY ADJUSTED TOTAL PRODUCT SUPPLIED



Sources: Department of Energy, American Petroleum Institute

EXHIBIT II

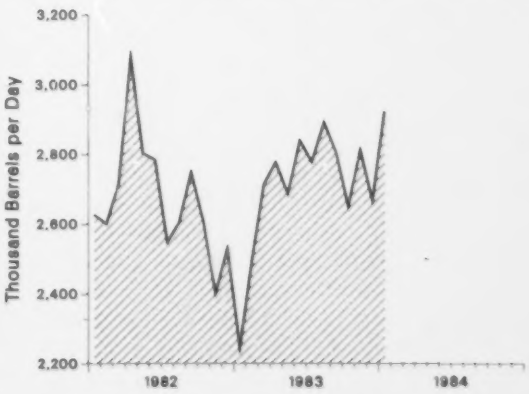
SEASONALLY ADJUSTED MOTOR GASOLINE SUPPLIED



Sources: Department of Energy, American Petroleum Institute

EXHIBIT III

SEASONALLY ADJUSTED, WEATHER ADJUSTED DISTILLATE SUPPLIED



Sources: Department of Energy, American Petroleum Institute

EXHIBIT IV

SEASONALLY ADJUSTED RESIDUAL FUEL OIL SUPPLIED

Sources: Department of Energy, American Petroleum Institute

ESTIMATED UNITED STATES PETROLEUM BALANCE

(Daily Average in Thousands of 42 Gallon Barrels)

Products Supplied/Supply From Primary Storage	JANUARY					
	1984[1]	1983[2]	% Change	1984[3R]	1983[2]	% Change
Products Supplied:						
Total motor gasoline	6,456	5,981	7.9			
Finished leaded motor gasoline*	2,696	2,630	2.5			
Finished unleaded motor gasoline*	3,760	3,351	12.2			
Naphtha-jet	216	184	17.4			
Kerosine-jet	983	760	29.3			
Distillate fuel oil	3,728	2,760	35.1			
Residual fuel oil	1,843	1,574	17.1			
All other oils[4]	4,197	3,804	10.3			
Reclassified[5]	- 199	- 296	(32.8)			
Total domestic products supplied	17,224	14,767	16.6			
Exports	648	973	(33.4)			
Total products supplied	17,872	15,740	13.5			
Supply:						
Domestic production:						
Crude oil[6]	8,676	8,660	0.2			
Natural gas liquids	1,639	1,668	(1.7)			
Other supply[7]	504	743	(32.2)			
Total domestic supply	10,819	11,071	(2.3)			
Imports:						
Crude oil, total	2,979 10/	2,720 10/	9.5			
Canadian	327	269	21.6			
Other	2,652	2,451	8.2			
Products, total	2,063	1,434	43.9			
Residual fuel oil	840	691	21.6			
Other	1,223	743	64.6			
Total imports	5,042	4,154	21.4			
Total supply	15,861	15,225	4.2			
Stock change, all oils	-2,011	- 515	XXXX			
Refinery Operations						
Input to crude oil distillation units	11,735	11,423	2.7			
Operable capacity	16,309	16,825	(3.1)			
Refinery utilization (%)[8]	72.0%	67.9%	6.0			
Crude oil runs	11,497	11,070	3.9			

Stocks (millions bbls.)	1984	1983	1983[2]	% Change from ...	
	Jan. 31[9]	Dec. 31[9]	Jan. 31	Previous Month	Year Ago
Crude oil 10/	344.5	348.8r/	360.9	(1.2)	(4.5)
Unfinished oils	106.3	104.8r/	110.3	1.4	(3.6)
Total motor gasoline**	225.0	229.7	250.9	(2.0)	(10.3)
Finished leaded motor gasoline*	92.3	96.0	106.2	(3.9)	(13.1)
Finished unleaded motor gasoline*	92.5	94.6	102.1	(2.2)	(9.4)
Naphtha-jet	6.3	6.9	7.6	(8.7)	(17.1)
Kerosine-jet	30.8	33.3	34.0	(7.5)	(9.4)
Distillate fuel oil	119.0	146.5r/	168.2	(18.8)	(29.3)
Residual fuel oil	43.2	49.9r/	60.7	(13.4)	(28.8)
All other oils	152.1	169.7r/	159.6	(10.4)	(4.7)
Total all oils	1,027.2	1,089.6r/	1,152.2	(5.7)	(10.8)

1/ Based on API estimated data converted to a monthly basis.
2/ Source: U.S. Department of Energy.
3/ Source:
4/ Includes crude losses.
5/ Beginning with January 1981, U.S. Department of Energy began using a new data collection system which encompasses a method to ascertain the amount of product reclassified during the production phase. So that there will be no double counting of these volumes, they are subtracted from total domestic products supplied.
6/ Includes lease condensate.
7/ Includes Unaccounted-for crude oil, Refinery input of other hydrocarbons, and Processing gain.
8/ Represents "Input to crude oil distillation units" as a percent of "Operable capacity."
9/ Derived by interpolating API weekly stocks data.
10/ Data do not include oil imported for the Strategic Petroleum Reserve (SPR) nor crude oil stocks held in the SPR.
R/ Revised.
* Included in motor gasoline.
** Includes finished leaded, finished unleaded, and motor gasoline blending components stocks.

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American Petroleum Institute
1220 L Street, Northwest
Washington, D.C. 20005

Monthly Statistical Report

Prepared by the Statistics Department **Vol. 8, No. 2**

MARCH 14, 1984 **FEBRUARY 1984**

ESTIMATED U.S. PETROLEUM BALANCE

SUMMARY

Total domestic products supplied rose 333 MBD, about 2.3%, above last February's level. This year-to-year increase is slightly more than half the increase in the fourth quarter of 1983. It reflects some drawdown in non-primary inventories after the large build in January as well as warmer-than-normal weather.

Crude production fell 79 MBD (0.9%) from year-ago levels, the result mainly of a decline in lower 48 production. Imports again exceeded year-earlier levels; however, last February's imports were unusually low, reflecting uncertainty about the timing and degree of impending oil price reductions. Inventories rose about 24 million barrels this February, a counter-seasonal development.

The average number of active rigs fell by about 7% from last month's level, seasonally adjusted, but is almost 11% above last February. The number of wells reported drilled in February is not yet available.

PRODUCTS SUPPLIED[1/]

Gasoline

Gasoline was supplied at 149 MBD (2.5%) above year-earlier levels. But last February's deliveries were depressed due to concerns about future prices. Thus, this February's deliveries were about 200 MBD below actual consumption, indicating that the January increase in non-primary storage has been "worked off".

Gasoline prices moved in a very narrow range, rising almost 1¢ from mid-January to mid-February, but erasing about half the advance during the last two weeks of the month. Real gasoline prices are about 2¢ above last year, including the 5¢ per gallon increase in federal taxes, effective 4/1/83, and the more-than-1¢ increase in state and local taxes. Real disposable income has also continued to rise, posting an advance of 5.3% between December 1982 and December 1983. The combination of higher disposable income, relatively stable gasoline prices, and a generally-improving economy has added some 200 MBD to gasoline demand over the last year.

Unleaded's share of the gasoline market rose to 59% in February, five percentage points above the year-earlier share. It seems clear that the surge in new car sales (up more than 40% over the past two months and more than 25% over a six month period compared with prior-year levels) is the major causal factor.

Distillates

The level of distillate supplied decreased minimally (13 MBD - 0.5%) compared with February 1983 levels. Based on preliminary data, this February has been the warmest since 1976, with temperatures averaging about 10% warmer than last year and 16% warmer than normal. When adjusted for the temperature variation, February deliveries actually increased about 70 MBD over last year's level. The continued strength of rail and truck traffic, both of which have shown substantial increases over prior-year levels (up an estimated 10% and 15%, respectively, in January), should have added some 150-200 MBD to distillate demand. One must, therefore, conclude that January's substantial buildup of inventories in secondary and tertiary storage was reversed in February and depressed February delivery levels by approximately 100 MBD.

Residual Fuel Oil

Residual fuel oil rose 39 MBD (2.5%) over last year's level. Residual fuel oil market segments seem to be experiencing differing degrees of adjustments to market conditions and changes in the economy. Deliveries to electric utilities, while for 1983 as a whole still below 1982, showed improvement over prior-year levels during the latter part of the year. This, however, was mainly the result of an unusually hot summer and extremely cold December when readily-available residual fuel oil often was the incremental fuel. It does not yet seem to reflect the substantial strengthening of electricity demand, which has risen an estimated 7% since the beginning of the year over the corresponding 1983 period. Likewise, the drop in bunker fuel demand slackened considerably in the second half of 1983, resulting in an eight-point decrease in the 1983 decline rate to 11%. This rate is roughly in line with the 10% drop in 1983 U.S. export tonnage.

The remaining sectors, consisting of industrial and "other users" (mostly commercial customers) have continued to experience sizable losses. The industrial sector, about twice as large in volume as the "other user" category, may have borne the brunt of the decrease because of far more flexible fuel choices. The rise in residual fuel oil prices since last spring - at a time when natural gas prices have been stabilizing and some gas utilities have sought lower rates for industrial customers with fuel alternatives - may have contributed to some further erosion of residual fuel oil demand. Some drawdown has apparently also occurred in customer inventories, though these inventories are in any event not very large. Strong output growth in most major industry sectors using residual fuel oil should have offset some of the adverse factors cited above, but this to date apparently has not occurred.

With available indicators pointing to continued, though somewhat lessened, weakness in residual fuel oil demand, the February increase likely reflects continued adjustment of customer inventories.

Jet Fuel Kerosine

Jet fuel kerosine deliveries rose almost 15% over year-ago figures. Airline traffic continues to show gains. "Miles flown" in December were 5.0% above a year ago, and similar increases are likely to have occurred during the past two months. The size of the increase in deliveries, however, suggests continued adjustment in end user inventories.

(In millions of B/D)	FEBRUARY ESTIMATES			YEAR-TO-DATE ESTIMATES		
	1984	1983	% Change	1984	1983	% Change
—Total domestic products supplied	15.1	14.8	2.3	16.2	14.8	9.6
—Motor gasoline supplied	6.2	6.0	2.5	6.3	6.0	5.3
—Distillate fuel oil supplied	2.8	2.8	(0.5)	3.3	2.8	17.6
—Residual fuel oil supplied	1.6	1.6	2.5	1.7	1.6	10.1

PETROLEUM SUPPLY[1/]

Total supply rose about 1.9 million barrels above year-earlier levels. This is mainly the result of substantially higher import levels. Imports rose more than 2.1 million barrels per day while domestic supply fell about 0.2 million barrels per day.

Production

Crude production fell 79 MBD or 0.9%. While Alaskan production was minimally ahead of last year, a slight erosion of lower 48 production occurred over the past three months. The current production level, however, is still almost 1.2 million barrels per day higher than would have been anticipated, had the production decline of the price-controlled seventies continued.

Imports

Imports surged to a near 2.1 million barrel per day increase in February over last year. However, last February's level, seasonally adjusted, was the lowest for the year, and about 1.2 million barrels per day below the average level of the preceding six months. The major reason for last year's low level was the uncertainty as to the degree and timing of impending downward adjustments in oil prices, signaled for some time prior to the actual change by falling spot market prices.

Both crude and product imports rose. Distillate imports alone, both as a result of colder weather in December and January and hesitancy early last year in product purchasing, are estimated to have risen almost 400 MBD over last year's level.

Residual fuel oil imports also continue to be relatively strong. While residual fuel oil demand has not recovered to any significant degree from its long downtrend, imports of residual fuel oil have fallen only about a third as much as domestic output since 1980. During the past two months, in fact, they have exceeded prior-year levels substantially. Prior-years' refinery upgrading investments have resulted in lowered residual fuel oil output.

Inventories

Inventories rose about 24 million barrels from January levels, while normally February shows a drawdown. February's refinery utilization rate rose by about ten percentage points over last year, reflecting the rising level of deliveries.

Gasoline inventories rose 11 million barrels, more than twice the average January-to-February increase, and are at a roughly-average 38 day supply level. Distillate inventories rose almost 11 million barrels, the first time in at least 30 years that distillate

inventories have risen in February. Abnormally warm weather, plus distributors' apparent desire to adjust inventories after January's higher level of purchases, were the apparent cause of this counter-seasonal change in primary inventories.

Refinery Output

Production data for the past two months reflect a pattern of quick response to extreme weather conditions. Distillate production rose almost 100 MBD in January over December levels and increased another 200 MBD in February, with the latter month about 700 MBD over last February's level. February's motor gasoline production was a mere 1% below December, and some 300 MBD above last February's. These production results demonstrate the flexibility of the refining system, with about half of the year-to-year increase in distillate production attributable to an increase of about 3% in distillate yield and the remainder to increased refinery input and related factors.

Exploration

The average count of active rigs continued to erode in February, falling about 7% from last month's level, seasonally adjusted, but rising about 11% over last February's level.

(In millions of B/D)	FEBRUARY ESTIMATES			YEAR-TO-DATE ESTIMATES		
	1984	1983	% Change	1984	1983	% Change
—Total supply	16.6	14.7	12.8	16.2	15.0	8.2
—Crude production[2/]	8.7	8.7	(0.9)	8.7	8.7	(0.3)
—Crude oil imports[3/4/]	3.2	2.1	53.9	3.1	2.4	27.7
—Product imports	2.4	1.4	67.2	2.2	1.4	55.1

Annual Imports Data

Preliminary year 1983 imports data are now available by country. While Saudi Arabian imports have taken on an increasingly prominent role in the U.S. imports picture in the second half of 1983, more than doubling its rate of exports to the United States early in the year, Mexico remained the #1 supplier throughout 1983. Full year results show Mexico with a 16.5% share of total imports compared with Saudi Arabia's 6.7%, fifth in line.

The table below compares preliminary 1983 results for the 10 leading importers with the 1982 roster:

	1983			1982		
		mbd	% of Imports		mbd	% of Imports
1.	Mexico	822	16.5	Mexico	685	13.4
2.	Canada	543	10.9	Saudi Arabia	552	10.9
3.	Venezuela	414	8.3	Nigeria	514	10.0
4.	United Kingdom	380	7.6	Canada	482	9.4
5.	Saudi Arabia	335	6.7	United Kingdom	456	8.9
6.	Indonesia	335	6.7	Venezuela	412	8.1
7.	Nigeria	292	5.9	Virgin Islands	316	6.2
8.	Virgin Islands	282	5.7	Indonesia	248	4.9
9.	Algeria	235	4.7	Neth. Antilles	175	3.4
10.	Neth. Antilles	187	3.8	Algeria	170	3.3

1/ Total supply, i.e., production plus imports adjusted for net stock change is equal to total products supplied from primary storage. Total products supplied from primary storage less exports is equal to total domestic products supplied. Information contained in this report is derived from information published in the API Weekly Bulletin and is based on historical analysis of the industry. All data reflect the most current information available to the API and include all previously published revisions.

2/ Includes lease condensate.

3/ Beginning with January 1977, the U.S. Department of Energy began reporting crude oil imports as of the date of importation. Previously, this data, with the exception of Canadian crude imports, was reported as of the date it was received at the refinery. This change may affect both the level of crude oil imports and crude oil stocks. API estimates of these data may, therefore, differ slightly from those of the U.S. Department of Energy.

4/ API data do not include crude oil imported for the Strategic Petroleum Reserve (SPR) nor crude oil stocks held in the SPR (according to the U.S. Department of Energy, the SPR held approximately 387 million barrels as of February 29, 1984).

ESTIMATED UNITED STATES PETROLEUM BALANCE

(Daily Average in Thousands of 42 Gallon Barrels)

Products Supplied/Supply From Primary Storage	FEBRUARY			YEAR-TO-DATE		
	1984[1]	1983[2]	% Change	1984[3R]	1983[2]	% Change
Products Supplied:						
Total motor gasoline	6,171	6,022	2.5	6,317	6,001	5.3
Finished leaded motor gasoline*	2,517	2,765	(9.0)	2,608	2,694	(3.2)
Finished unleaded motor gasoline*	3,654	3,257	12.2	3,709	3,307	12.2
Naphtha-jet	209	236	(11.4)	213	209	1.9
Kerosine-jet	933	813	14.8	956	785	21.8
Distillate fuel oil	2,819	2,832	(0.5)	3,286	2,794	17.6
Residual fuel oil	1,607	1,568	2.5	1,729	1,571	10.1
All other oils[4]	3,554	3,503	1.5	3,884	3,661	6.1
Reclassified[5]	- 185	- 199	(7.0)	- 192	- 250	(23.2)
Total domestic products supplied	15,108	14,775	2.3	16,193	14,771	9.6
Exports	632	865	(26.9)	640	922	(30.6)
Total products supplied	15,740	15,640	0.6	16,833	15,693	7.3
Supply:						
Domestic production:						
Crude oil[6]	8,662	8,741	(0.9)	8,669	8,698	(0.3)
Natural gas liquids	1,621	1,585	2.3	1,630	1,629	0.1
Other supply[7]	729	876	(16.8)	614	806	(23.8)
Total domestic supply	11,012	11,202	(1.7)	10,913	11,133	(2.0)
Imports:						
Crude oil, total	3,187[10/]	2,071[10/]	53.9	3,080[10/]	2,412[10/]	27.7
Canadian	248	229	8.3	289	250	15.6
Other	2,939	1,842	59.6	2,791	2,162	29.1
Products, total	2,379	1,423	67.2	2,216	1,429	55.1
Residual fuel oil	1,018	632	61.1	926	663	39.7
Other	1,361	791	72.1	1,290	766	68.4
Total imports	5,566	3,494	59.3	5,296	3,841	37.9
Total supply	16,578	14,696	12.8	16,209	14,974	8.2
Stock change, all oils	+ 838	- 944	XXXX	- 624	- 719	XXXX
Refinery Operations						
Input to crude oil distillation units	12,248	11,000	11.3	11,983	11,222	6.8
Operable capacity	16,309	16,823	(3.1)	16,309	16,824	(3.1)
Refinery utilization (%)[8]	75.1%	65.4%	14.8	73.5%	66.7%	10.2
Crude oil runs	12,010	10,635	12.9	11,745	10,863	8.1

Stocks (millions bbls.)	1984		1983[2]	% Change from . . .	
	Feb. 29[9]	Jan. 31[9]	Feb. 28	Previous Month	Year Ago
Crude oil 10/	337.3	344.6r/	366.0	(2.1)	(7.8)
Unfinished oils	105.5	106.3r/	108.3	(0.8)	(2.6)
Total motor gasoline**	235.7	225.1r/	251.2	4.7	(6.2)
Finished leaded motor gasoline*	96.8	92.4r/	104.5	4.8	(7.4)
Finished unleaded motor gasoline*	97.3	92.5	102.9	5.2	(5.4)
Naphtha-jet	6.2	6.3	7.2	(1.6)	(13.9)
Kerosine-jet	33.1	31.0r/	33.3	6.8	(0.6)
Distillate fuel oil	129.9	119.1r/	147.4	9.1	(11.9)
Residual fuel oil	52.2	43.2	53.1	20.8	(1.7)
All other oils	136.7	136.7r/	159.2	-	(14.1)
Total all oils	1,036.6	1,012.3r/	1,125.7	2.4	(7.9)

1/ Based on API estimated data converted to a monthly basis.
2/ Source: U.S. Department of Energy.
3/ Source: API.
4/ Includes crude losses.
5/ Beginning with January 1981, U.S. Department of Energy began using a new data collection system which encompasses a method to ascertain the amount of product reclassified during the production phase. So that there will be no double counting of these volumes, they are subtracted from total domestic products supplied.
6/ Includes lease condensate.
7/ Includes Unaccounted-for crude oil, Refinery input of other hydrocarbons, and Processing gain.
8/ Represents "Input to crude oil distillation units" as a percent of "Operable capacity."
9/ Derived by interpolating API weekly stocks data.
10/ Data do not include oil imported for the Strategic Petroleum Reserve (SPR) nor crude oil stocks held in the SPR.
R/ Revised.
* Included in motor gasoline.
** Includes finished leaded, finished unleaded, and motor gasoline blending components stocks.

API's *WEEKLY STATISTICAL BULLETIN*

The *Weekly Statistical Bulletin*, from which the *Monthly Statistical Report's* data are derived, has been published by API in some form since 1919; reporting on refinery operations and product stocks began in 1929. The estimates of refinery operations, industry inventories, and imports are based on weekly responses from approximately 200 companies. These companies report operations and production at refineries as well as crude oil and product stocks held at refineries, bulk terminals, and pipelines. Reports are also received on crude and product imports. The respondents currently represent more than 95 percent of refinery operations and refinery output of major products, from 72 to 93 percent of major product stocks, and about 80 percent of total petroleum imports. Every effort is made by API to keep its list of respondents, all of whom report voluntarily, up-to-date and representative of as large a segment of the industry as possible.

Data reported to API are expanded to represent the industry as a whole using as a reference point data published for prior months by the Department of Energy in the *Petroleum Supply Monthly*; DOE's data currently become available approximately two months after the close of the reporting month. Since all members of the primary sector are required to report to the Department of Energy, this data essentially represents the universe.

Weekly Statistical Bulletin data, converted to monthly form, are the main component of the *Monthly Statistical Report's* petroleum balance. In order to complete the balance, estimates are made for crude and NGL production, other domestic supply, and exports, as well as for products supplied, stocks, and imports of "other oils".

Both API and DOE product data are for the primary sector, that is, refineries, pipelines, and bulk terminals (terminals with storage capacity of 50,000 barrels or more or receiving products principally by tanker, barge, or pipeline). Since inventories outside the primary sector (such as wholesale, retail, and customer stocks) are not included, neither final sales nor consumption are measured directly. However, "product supplied from the primary sector", which in the long run should approximate final sales and consumption, can be calculated for a particular product as:

product supplied = refinery output + imports - exports - stock change.

Almost by definition, much of the week-to-week variation in API data is more a reflection of short-run operational developments than of longer-run trends. Such variation may be due to many factors. For example, scheduled and unscheduled maintenance, refinery turnaround, or even the effects of unusually cold weather, such as occurred in late December, can temporarily reduce operations at some refineries. The timing of ship arrivals may cause weekly variation in imports. Holders of stocks outside the primary system may replenish or draw down their inventories, and though this may increase or decrease the amount of "product supplied from the primary sector", actual retail sales or consumption may not have changed. Finally, short-run changes in demand can occur due to weather, holidays, and other factors.

When the short-run variations in supply (refinery output and imports) are paired with short-run changes in product leaving the primary sector, short-run variability of inventories as well is inevitable. This is hardly surprising, since one purpose of inventories is to serve as a buffer between the day-to-day and week-to-week fluctuations in these two sides of the petroleum balance. In Exhibits I through VI, *Weekly Statistical Bulletin* data for refinery output, imports, and stock changes of gasoline and distillate are compared with a centered, 5-week moving average of the same data. As the figures show, weekly data can display considerable variation around the average, and even the moving average is often less smooth than an analyst looking for trends might hope. However, this does not mean that weekly data do not have meaning, but rather that week-to-week changes are often only of short-run significance.

In addition to being most meaningfully viewed in terms of the short run, the weekly data are most readily interpreted in the context of industry developments as a whole. Individual series taken alone often do not provide enough information to be easily interpreted.

For example, statistical tests indicate that, after accounting for normal seasonal variation, 1983 week-to-week gasoline and distillate stock changes taken by themselves were indistinguishable from a random series. This conclusion is based on application of the runs test, in which the number of runs of negative and positive signs is compared with the number expected if the series were random. If the divergence between expected and actual runs is large enough, the hypothesis that the series is random is rejected.

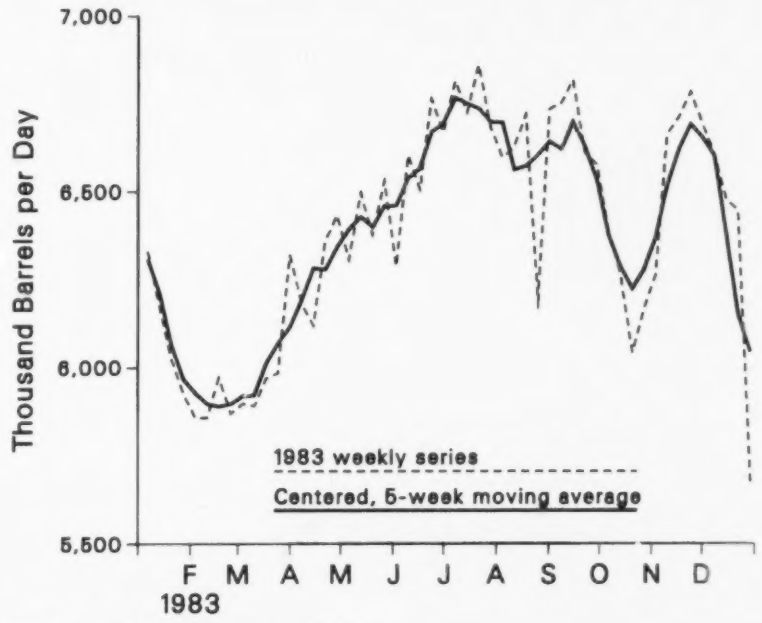
The test was applied (at a 90% significance level) to week-to-week changes in stocks, refinery output, and imports of motor gasoline and distillate for 1983, all of which were adjusted for normal seasonal variations. Neither motor gasoline nor distillate week-to-week stock changes, taken alone, showed a statistically significant departure from randomness. The output and import series either did not pass the runs test or showed some other indication of nonrandomness. Nevertheless, statistical tests indicate that 20% or less of the weekly variation in 1983 for these series could be explained by the prior week's change.

Of course, gasoline and distillate stock changes (or changes in any other weekly series) are not really entirely random, since they can be at least partially explained by weather, temporary inactivation of particular refineries, economic conditions, and other factors. Rather, the message of these statistical tests is that the series cannot be easily interpreted without taking this context into full account.

The conclusion to draw from this analysis is that week-to-week changes in industry data are most often only of short-run significance. For trends to become apparent, the data need to be examined over longer periods of time and in the context of other available data. To fulfill this need is one purpose of the *Monthly Statistical Report*.

EXHIBIT I

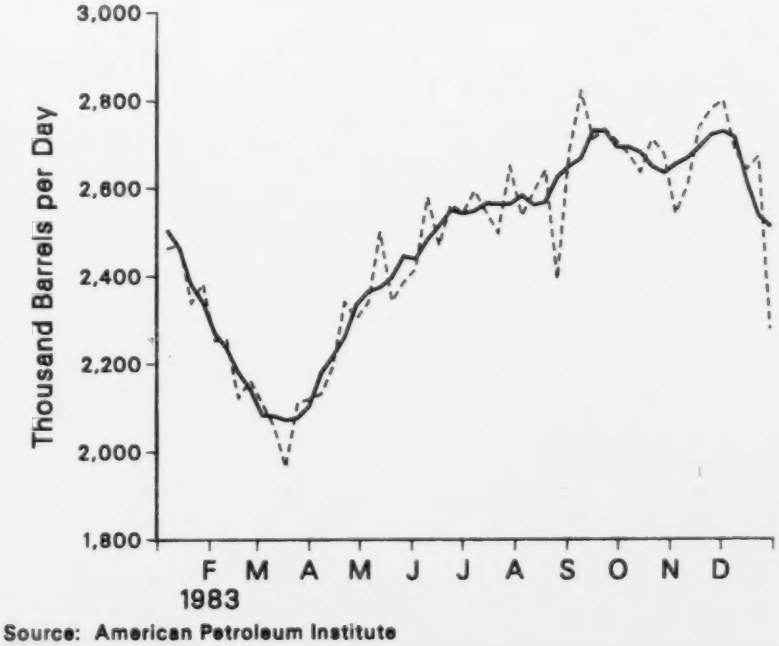
MOTOR GASOLINE OUTPUT



Source: American Petroleum Institute

EXHIBIT II

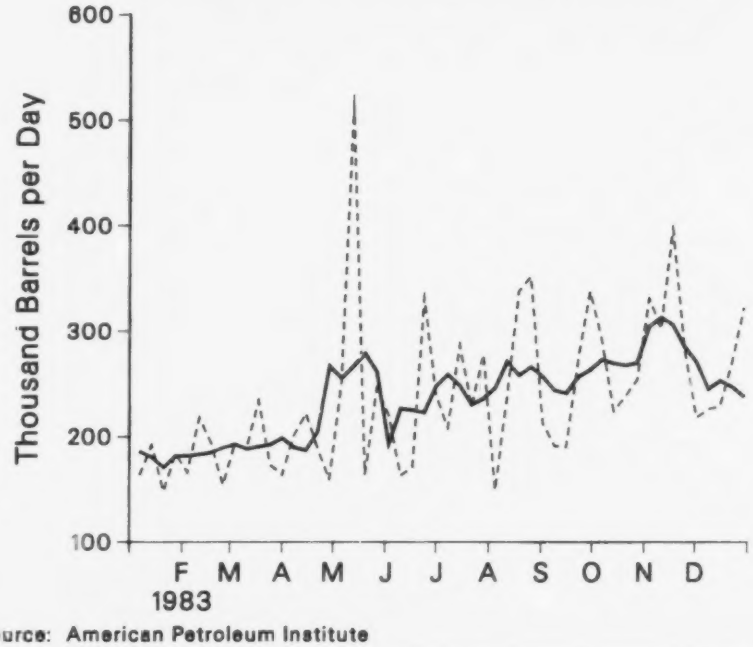
DISTILLATE OUTPUT



Source: American Petroleum Institute

EXHIBIT III

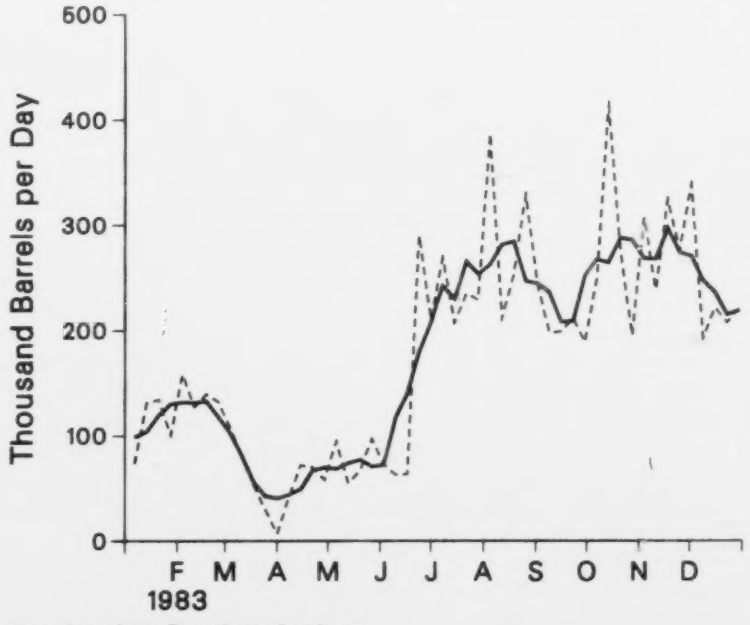
MOTOR GASOLINE IMPORTS



Source: American Petroleum Institute

EXHIBIT IV

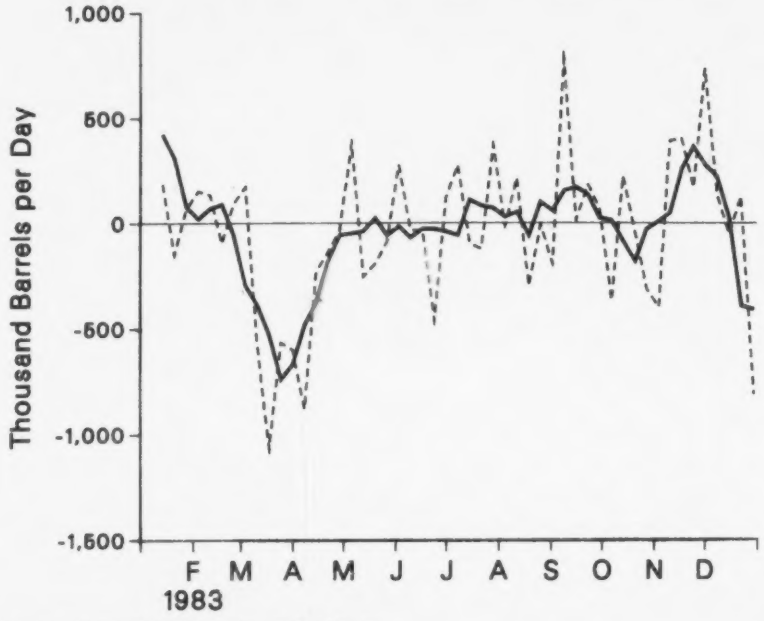
DISTILLATE IMPORTS



Source: American Petroleum Institute

EXHIBIT V

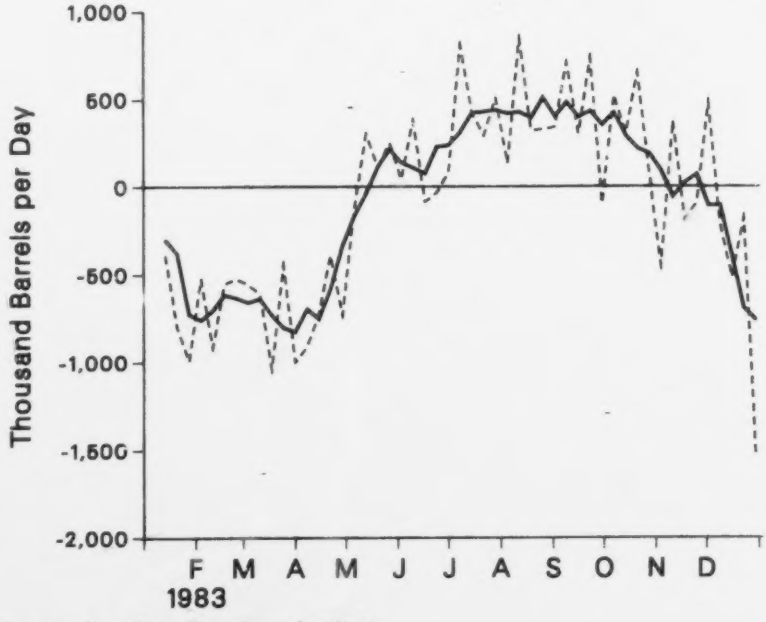
MOTOR GASOLINE STOCK CHANGE



Source: American Petroleum Institute

EXHIBIT VI

DISTILLATE STOCK CHANGE



Source: American Petroleum Institute

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American Petroleum Institute
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Washington, D.C. 20005

Monthly Statistical Report

Prepared by the Statistics Department

Vol. 8, No. 3

APRIL 18, 1984

MARCH 1984

ESTIMATED U.S. PETROLEUM BALANCE

SUMMARY

Total domestic petroleum products supplied in March fell 90 MBD (0.6%) below year-ago levels but, for the first quarter as a whole, exceeded prior-year levels by 736 MBD (4.9%). Colder January and March weather and the effects of heightened economic activity helped to increase product supplied levels during this year's first quarter compared with the corresponding 1983 period. Overall, we estimate that rising economic activity and colder weather caused delivery levels to increase by about 700 MBD and 100 MBD, respectively, while adjustments in non-primary inventories provided a net offset of about 70 MBD. Attached Exhibit I traces the level of deseasonalized total products supplied since the beginning of 1982.

Crude production fell about 78 MBD (0.9%) during the first quarter. Slight Alaskan production increases early in the quarter were more than offset by lower March production resulting from a temporary operational problem at the Alaskan pipeline. The net effect was to reduce Alaskan production for the quarter by about 40 MBD compared with the prior year. A decline of roughly similar size was experienced in lower 48 production. Imports rose both in March and for the first quarter as a whole, exceeding year-earlier levels by 46% and 41%, respectively. Imports during last year's first quarter apparently were deferred because of crude price uncertainty. This factor accounted for about two-thirds of the current-year increase; economy-related increases in petroleum product demand and colder weather were largely responsible for the remainder. Total inventories decreased in March, though the decline did not differ significantly from the normal seasonal pattern. Crude oil inventories are still high, while major product stocks are at adequate levels for this time of year.

Drilling activities showed mixed results. The number of rigs active in March fell some 3% from February levels on a seasonally-adjusted basis. March data for wells reported drilled are not yet available. February had shown an increase of more than 7½% over the year-earlier period. Seismic activity experienced a small downward drift, on a deseasonalized basis.

PRODUCTS SUPPLIED[1/]

Gasoline

March's level of gasoline supplied was about 554 MBD (8.1%) less than a year ago while, for the first quarter, delivery levels dropped 50 MBD (0.8%). Because of a federal excise tax increase, effective April 1, 1983, and some secondary storage replenishment, it appears that last March's deliveries were inflated by some 500 MBD (see Exhibit II), raising the first quarter 1983 delivery level by some 170 MBD. There are indications moreover that, in this year's first quarter, non-primary inventories fell about 100 MBD. If the quarters are adjusted to reflect these departures, we estimate that actual consumption increased more than 200 MBD, or over 3%, from the first quarter of last year, roughly in line with the rate of increase that prevailed in late 1983.

Gasoline prices rose minimally in March. While about 2½¢ higher than last year, on an inflation-adjusted basis (even when the 6¢ increase in federal, state, and local taxes since last April is considered) they still trail early 1981 highs by about 35¢, or more than 20%. Real disposable income has been on the rise and, combined with the relative stability of gasoline prices over the past year, has been a major factor in strengthening gasoline demand.

In a roughly 6½ point year-to-year advance, unleaded gasoline's share of the total gasoline market approached 60% in March. The upsurge in unleaded's March share, coming on top of February's 5-point increase, reflects the cumulative effect of consistently high new car sales over the past year.

Distillates

Distillates were supplied at 276 MBD (9.5%) and 338 MBD (11.9%) higher rates during March and the first quarter, respectively, than in the corresponding year-earlier periods. Last March's somewhat higher deliveries, in part prompted by purchases for end-user storage prior to a 4/1/83 federal tax increase, in the main offset declines experienced early in that quarter because of crude price uncertainties. In 1984, sizable purchases for replenishment of non-primary storage following cold spells early in the quarter appear to have inflated deliveries in the quarter by some 50 MBD (see Exhibit III).

Colder winter weather and substantial increases in truck and rail traffic were major contributors to the remaining increase of nearly 300 MBD in distillate deliveries. Weather factors added 60-70 MBD to first quarter deliveries. The balance, in the main, is the result of growing year-to-year increases in truck and rail traffic. During March, for example, rail traffic rose an estimated 16%. Meaningful March truck traffic data are not yet available. However, if the roughly 12% average rate of increase of the prior two months was maintained in March, the total impact of rising rail and truck traffic is likely to have added some 200 MBD to distillate demand. Strength in other sectors, especially in the "off-highway" sector affected by increased construction activity, also contributed to the higher level of distillates supplied.

Residual Fuel Oil

While about 106 MBD below last March's residual fuel oil supplied level, the first quarter as a whole showed a 115 MBD (7.3%) increase over the corresponding 1983 quarter, partly as a result of stock replenishment in non-primary storage in January (see Exhibit IV attached). With gradual economic recovery worldwide, shipping activity levels have also rallied. As a result, the year-to-year decline in bunker fuel sales appears to have been virtually halted. Sales toward the end of 1983, for example, were running some 30 MBD below those of corresponding 1982 months - about half the decrease experienced early in the year - while a comparison of January 1983/84 data shows sales of equal volume for both periods. It appears likely that the remainder of the quarter conformed to that trend.

With bunker fuel sales likely to have remained about even with last year's, increases in the remaining sectors are believed to have been split about 2/3-1/3 between higher use by electric utilities and the "industrial and other" sector. Electricity production continued at a strong pace, rising about 8% over last year's level during the first quarter. In part at least, this increase is undoubtedly weather-related, as during peak production months last year, readily-obtainable residual fuel oil appears to have been used by utilities as the incremental fuel source. The remainder of the improvement in total residual fuel oil deliveries is attributable to higher consumption in the "industrial and other" sector. While partially also weather-related, a small additional increase may have been experienced in strictly industrial applications, such as process heat.

Kerosine Jet Fuel

Kerosine jet fuel was supplied at an 8% higher rate in March than a year ago; the increase for the quarter was 18% (144 MBD). Both rates are too high to reflect a true change in demand; rather, a substantial portion of the increase is likely to have involved adjustments in end-user storage. With constant infusion into the air fleet of planes having more fuel-efficient engines, the true demand increase for kerosine jet fuel is likely to have been well below 6%, the average rate at which "miles flown" have been increasing over the past year.

Other Oils

Other oils were supplied at a close-to-200 MBD higher rate in this year's first quarter than a year ago. A small portion of the increase apparently was the result of higher propane sales caused by colder weather than last year. The bulk, however, reflects a strong surge in the chemical industry - and related manufacturing industries - and heightened activity in road construction and maintenance.

(In millions of B/D)	MARCH ESTIMATES			YEAR-TO-DATE ESTIMATES		
	1984	1983	% Change	1984	1983	% Change
—Total domestic products supplied	15.4	15.5	(0.6)	15.8	15.0	4.9
—Motor gasoline supplied	6.3	6.8	(8.1)	6.2	6.3	(0.8)
—Distillate fuel oil supplied	3.2	2.9	9.5	3.2	2.8	11.9
—Residual fuel oil supplied	1.5	1.6	(6.8)	1.7	1.6	7.3

PETROLEUM SUPPLY[1/]

Total supply rose 1,522 MBD during the first quarter when compared with last year, essentially as a result of higher imports.

Production

Crude oil production fell about 78 MBD during the first quarter. An operational problem disrupted normal flow through the Alaskan pipeline for several days, reducing average March flow by about 180 MBD. Though slightly ahead of last year during January and February, this disruption resulted in reducing Alaskan production for the first quarter as a whole by about 40 MBD. Lower 48 production fell in a roughly equal amount; part of that decrease may be related to poor weather conditions early in the quarter.

Imports

When adjusted for seasonal variations, there was little change in import levels in March from the prior month. On a year-to-year basis, both March and the first quarter showed increases of more than 1½ million barrels per day over corresponding year-ago periods. But last year's levels reflect the uncertainty then prevailing as to when - and by how much - oil prices would decline and a resultant deferral of purchases. This factor alone accounts for about two-thirds of the increase. The remainder mainly reflects a more-than-200 MBD increase each in the imports of distillates and residual fuel oil, related to colder weather during the quarter in the case of both distillates and residual fuel oil plus increased demand for asphalt, often a production alternative, in the case of residual fuel oil.

Net imports in the first quarter represented a dependency rate of 29%, roughly in line with the average that had prevailed since mid-1983.

Mexico continued to be the leading supplier during January, followed by Canada, Venezuela and Saudi Arabia in that order.

Inventories

Total inventories fell roughly in line with historical experience. Despite a continued reduction in crude oil inventories, crude stocks, at 28 days of daily crude oil input, are still about 50 million barrels above needed levels.

Gasoline inventories ended March at 39 days of supply, in line with the average since the mid-seventies.

Distillate stocks fell about 20 million barrels, roughly equal to historical movement for this time of year. It is interesting to note that the seasonally-adjusted increase in distillate inventories during February was about twice as large as the total draw in December and January combined as refinery production of distillate responded to the heavy draw on inventories caused by cold spells in those two months.

Distillate inventories represent 35 days of supply, somewhat below the average since the mid-seventies. However, with the end of the heating season approaching, crude stocks in ample supply, and additional refining capacity readily available, distillate supplies are considered fully adequate.

Refinery Operations

During the first quarter, input to distillation units was almost 900 MBD (7.7%) higher than last year. Combined with a roughly 550 MBD decline in operable capacity, the increased input raised the refinery utilization rate to about 74%, some 7½ percentage points over last year's. The three-to-four million barrels of potentially-available additional capacity at a time of excess crude stocks continues to instill flexibility into the refining sector.

Exploration

The number of active rigs fell 3% from February levels on a seasonally-adjusted basis. Wells reported drilled rose about 7.6% in February over prior-year levels. March well data are not yet available.

The seismic crew count, an accepted indicator of long-range drilling, on a seasonally-adjusted basis experienced a small downward drift if adjustment is made for a recent change in the number of survey respondents.

(In millions of B/D)	MARCH ESTIMATES			YEAR-TO-DATE ESTIMATES		
	1984	1983	% Change	1984	1983	% Change
—Total supply	15.8	14.3	10.9	16.3	14.7	10.3
—Crude production[2/]	8.5	8.7	(1.8)	8.6	8.7	(0.9)
—Crude oil imports[3/4/]	3.3	2.0	64.5	3.1	2.3	36.7
—Product imports	1.7	1.4	18.4	2.1	1.4	48.9

1/ Total supply, i.e., production plus imports adjusted for net stock change is equal to total products supplied from primary storage. Total products supplied from primary storage less exports is equal to total domestic products supplied. Information contained in this report is derived from information published in the API Weekly Bulletin and is based on historical analysis of the industry. All data reflect the most current information available to the API and include all previously published revisions.

2/ Includes lease condensate.

3/ Beginning with January 1977, the U.S. Department of Energy began reporting crude oil imports as of the date of importation. Previously, this data, with the exception of Canadian crude imports, was reported as of the date it was received at the refinery. This change may affect both the level of crude oil imports and crude oil stocks. API estimates of these data may, therefore, differ slightly from those of the U.S. Department of Energy.

4/ API data do not include crude oil imported for the Strategic Petroleum Reserve (SPR) nor crude oil stocks held in the SPR (according to the U.S. Department of Energy, the SPR held approximately 392 million barrels as of March 31, 1984).

ESTIMATED UNITED STATES PETROLEUM BALANCE

(Daily Average in Thousands of 42 Gallon Barrels)

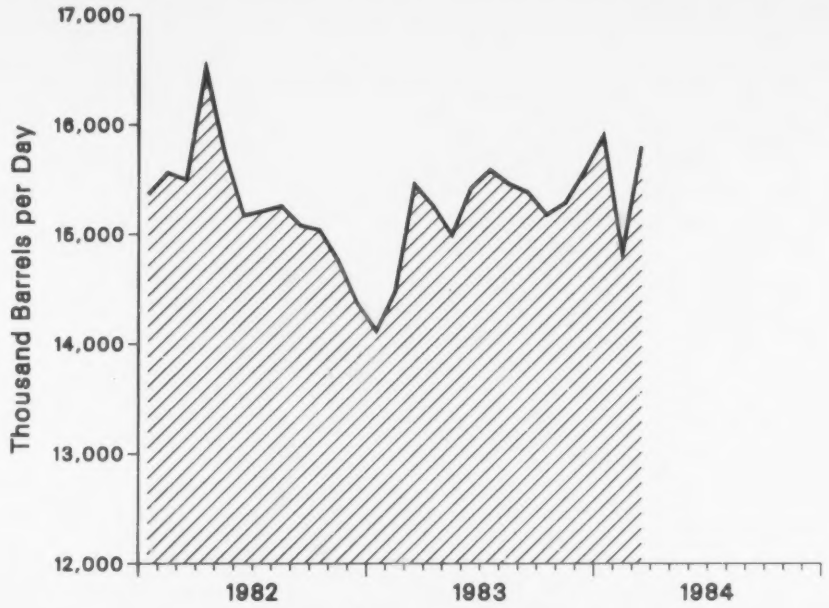
Products Supplied/Supply From Primary Storage	MARCH			YEAR-TO-DATE		
	1984[1]	1983[2]	% Change	1984[3R]	1983[2]	% Change
Products Supplied:						
Total motor gasoline	6,289	6,843	(8.1)	6,241	6,291	(0.8)
Finished leaded motor gasoline*	2,545	3,223	(21.0)	2,576	2,876	(10.4)
Finished unleaded motor gasoline*	3,744	3,620	3.4	3,665	3,415	7.3
Naphtha-jet	205	221	(7.2)	201	213	(5.6)
Kerosine-jet	863	798	8.1	933	789	18.3
Distillate fuel oil	3,176	2,900	9.5	3,168	2,830	11.9
Residual fuel oil	1,464	1,570	(6.8)	1,686	1,571	7.3
All other oils[4]	3,579	3,257	9.9	3,716	3,522	5.5
Reclassified[5]	- 180	- 103	74.8	- 192	- 199	(3.5)
Total domestic products supplied	15,396	15,486	(0.6)	15,753	15,017	4.9
Exports	630	801	(21.3)	612	880	(30.5)
Total products supplied	16,026	16,287	(1.6)	16,365	15,897	2.9
Supply:						
Domestic production:						
Crude oil[6]	8,510	8,665	(1.8)	8,609	8,687	(0.9)
Natural gas liquids	1,626	1,544	5.3	1,611	1,599	0.8
Other supply[7]	706	645	9.5	807	750	7.6
Total domestic supply	10,842	10,854	(0.1)	11,027	11,036	(0.1)
Imports:						
Crude oil, total	3,342[10/]	2,031[10/]	64.5	3,118[10/]	2,281[10/]	36.7
Canadian	332	247	34.4	292	249	17.3
Other	3,010	1,784	68.7	2,826	2,032	39.1
Products, total	1,655	1,398	18.4	2,112	1,418	48.9
Residual fuel oil	599	686	(12.7)	890	671	32.6
Other	1,056	712	48.3	1,222	747	63.6
Total imports	4,997	3,429	45.7	5,230	3,699	41.4
Total supply	15,839	14,283	10.9	16,257	14,735	10.3
Stock change, all oils	- 187	-2,004	XXXX	- 108	-1,162	XXXX
Refinery Operations						
Input to crude oil distillation units	12,125	11,118	9.1	12,051	11,186	7.7
Operable capacity	16,305	16,848	(3.2)	16,269	16,832	(3.3)
Refinery utilization (%)[8]	74.4%	66.0%	12.7	74.1%	66.5%	11.4
Crude oil runs	11,901	10,854	9.6	11,823	10,860	8.9

Stocks (millions bbls.)	1984		1983[2]	% Change from ...	
	Mar. 31[9]	Feb. 29[9]	Mar. 31	Previous Month	Year Ago
Crude oil [10/]	333.8	337.1r/	358.6	(1.0)	(6.9)
Unfinished oils	113.5	105.8r/	111.3	7.3	2.0
Total motor gasoline**	244.8	235.7	224.1	3.9	9.2
Finished leaded motor gasoline*	101.2	96.8	91.3	4.5	10.8
Finished unleaded motor gasoline*	101.4	97.3	92.4	4.2	9.7
Naphtha-jet	6.7	6.2	7.4	8.1	(9.5)
Kerosine-jet	34.2	33.1	34.9	3.3	(2.0)
Distillate fuel oil	110.2	129.8r/	118.7	(15.1)	(7.2)
Residual fuel oil	48.0	52.1r/	46.3	(7.9)	3.7
All other oils	172.9	170.1r/	162.3	1.6	6.5
Total all oils	1,064.1	1,069.9r/	1,063.6	(0.5)	-

1/ Based on API estimated data converted to a monthly basis.
2/ Source: U.S. Department of Energy.
3/ Source: January, U.S. Department of Energy, February-March, API.
4/ Includes crude losses.
5/ Beginning with January 1981, U.S. Department of Energy began using a new data collection system which encompasses a method to ascertain the amount of product reclassified during the production phase. So that there will be no double counting of these volumes, they are subtracted from total domestic products supplied.
6/ Includes lease condensate.
7/ Includes Unaccounted-for crude oil, Refinery input of other hydrocarbons, and Processing gain.
8/ Represents "Input to crude oil distillation units" as a percent of "Operable capacity."
9/ Derived by interpolating API weekly stocks data.
10/ Data do not include oil imported for the Strategic Petroleum Reserve (SPR) nor crude oil stocks held in the SPR.
R/ Revised.
* Included in motor gasoline.
** Includes finished leaded, finished unleaded, and motor gasoline blending components stocks.

EXHIBIT I

SEASONALLY ADJUSTED TOTAL PRODUCT SUPPLIED



Sources: Department of Energy, American Petroleum Institute

EXHIBIT II

SEASONALLY ADJUSTED MOTOR GASOLINE SUPPLIED

Sources: Department of Energy, American Petroleum Institute

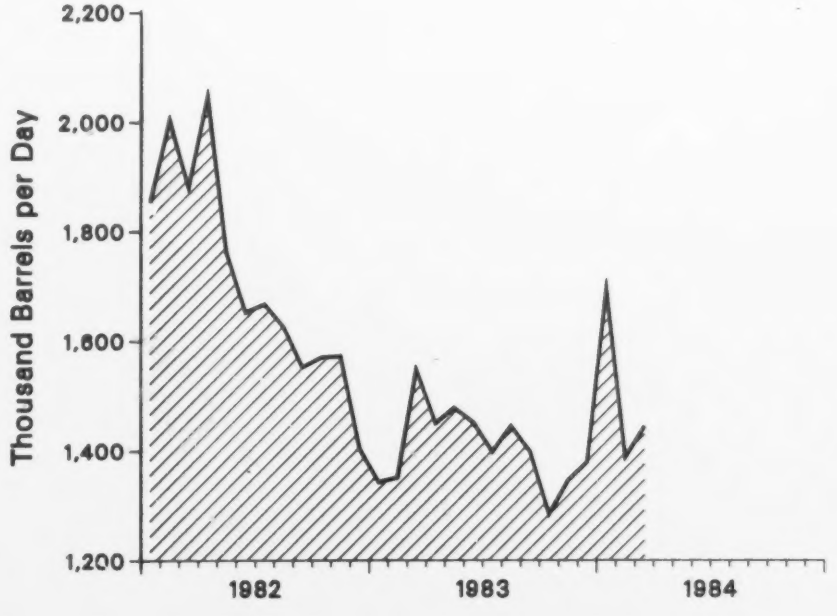
EXHIBIT III

SEASONALLY ADJUSTED, WEATHER ADJUSTED DISTILLATE SUPPLIED

Sources: Department of Energy, American Petroleum Institute

EXHIBIT IV

SEASONALLY ADJUSTED RESIDUAL FUEL OIL SUPPLIED



Sources: Department of Energy, American Petroleum Institute

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American Petroleum Institute
1220 L Street, Northwest
Washington, D.C. 20005

Monthly Statistical Report

Prepared by the Statistics Department

Vol. 8, No. 4

MAY 16, 1984

APRIL 1984

ESTIMATED U.S. PETROLEUM BALANCE

SUMMARY

The level of total domestic products supplied in April increased 594 MBD (4.0%) over last April's. Following the demand trend of recent months, this year-to-year increase is mainly the result of higher consumption of light products, especially distillates, and "other oils".

After falling in March due to an operational problem at the Alaskan pipeline, production in Alaska actually rose slightly in April above previously-prevailing levels, permitting total U.S. production to exceed last year's level by 40 MBD. Imports, primarily crude oil, continued to exceed prior-year levels as a result of the growth in petroleum demand. Inventories rose about 6 million barrels compared to a decrease of similar size last April.

Though experiencing a slight upturn in the second half of the month, the number of active rigs fell about 4% during April from March levels, seasonally adjusted. Wells reported drilled rose 9.6% in March over prior-year levels. April data are not yet available.

PRODUCTS SUPPLIED[1/]

Gasoline

Gasoline was supplied at a 195 MBD (3.0%) higher level than last April's, somewhat above the year-to-year increases that have prevailed since late 1983. Last March experienced a considerably higher level of deliveries to replenish depleted secondary storage and some filling of end user tankage prior to the 4/1/83 effective date of a 5 cent increase in the federal motor fuel tax. As a result, April 1983 deliveries would have been expected to be substantially lower than in the prior month. However, rising delivery levels in subsequent months indicate that the April-May period may have been the point at which gasoline demand turned meaningfully upward, offsetting the adverse effect of March's high volume on April delivery levels.

Gasoline prices rose about 1½ cents in April; they are currently about 3½ cents (3%) below last year and about 23% below early-1981 highs, when adjusted for inflation.

Car sales in April were up 30% over last year, continuing the substantial increases of the past several months. The effect of the change in the mix of the car fleet continues to be gradually reflected in unleaded's market share. Unleaded gasoline's share of the total gasoline market was down slightly in April from recent-month levels but was still about three percentage points above last April.

Distillates

The level of distillates supplied was about 114 MBD (4.2%) above last April's. On the basis of continued substantial increases in truck and rail traffic, and greater off-highway use, a higher increase—perhaps an additional 100 MBD—should have occurred. However, apparent lack of purchases for non-primary storage and a roughly 40 MBD decline due to weather about 12% warmer than last year acted as offsets.

Residual Fuel Oil

Residual fuel oil was supplied at a 55 MBD (4.0%) lesser rate than last April. While still considerably below last year, underlying residual fuel oil demand has been relatively stable during the past few months, though weather-related delivery increases in January resulted in an increase over last year for the first quarter. Worldwide shipping activity started to recover in late 1983, resulting in lessened year-to-year decreases in bunker fuel sales. With bunker fuel sales in early 1984 likely to have been almost even with last year's level and purchases by electric utilities higher, the decrease appears to result mainly from weak demand in the industrial sector.

While year-to-year increases in electricity production have lessened in recent weeks as the weather returned to a more normal pattern, they are, at about 6% during April, still substantial. In addition, the utilities' residual fuel oil stocks, some 25 million barrels below year-earlier levels toward the end of 1983, have had to be replenished.

Though the decline in industrial sector residual fuel oil demand seems to have come to a halt, a consistent upturn of that sector's activities has not yet materialized. The majority of industrial boilers—and practically all new installations—have dual-

fuel capability, permitting speedy switching between fuels. Both residual fuel oil and natural gas prices experienced similar small price declines during the past several months, and there thus has been no price incentive for switching between these two fuels. However, demand for both fuels has risen in recent months from prior depressed levels, mainly as a result of the broadening of the economic recovery.

Kerosine Jet Fuel

Kerosine jet fuel was supplied at a 7.8% higher rate in April than a year ago. Airline traffic has been strong in recent months. The current rate of increase is likely to be a better reflection of the true increase in kerosine jet fuel demand than the 15% year-to-date figure which was inflated by substantial beginning-of-the-year deliveries into end-user storage. Miles flown increased more than 9% for the January-February period, the latest months for which data are available. Succeeding months are likely to have also experienced substantial increases. The fuel use/"miles flown" ratio seems to indicate that efforts to improve fuel efficiency have not slackened.

Other Oils

Other oils were supplied at a 334 MBD (10.3%) higher rate than last April. This strong showing is mainly attributable to continuing high demand in the chemical industry and allied activities, as well as an upswing in the road building industry. The chemical industry had initially been slow in reflecting the economic recovery but has apparently benefited from improved demand since mid-1983. Sales of major chemical companies during 1983 averaged some 8% over prior-year levels and showed an 11% year-to-year increase for the first quarter of 1984. Road building and maintenance projects have been spurred by last April's 5¢ tax increase in federal motor fuel taxes. Asphalt and road oil consumption have been experiencing year-to-year increases averaging about 5% in recent months.

(In millions of B/D)	APRIL ESTIMATES			YEAR-TO-DATE ESTIMATES		
	1984	1983	% Change	1984	1983	% Change
—Total domestic products supplied	15.4	14.8	4.0	15.7	15.0	5.2
—Motor gasoline supplied	6.7	6.5	3.0	6.4	6.3	0.5
—Distillate fuel oil supplied	2.8	2.7	4.2	3.1	2.8	10.3
—Residual fuel oil supplied	1.3	1.4	(4.0)	1.6	1.5	4.7

PETROLEUM SUPPLY[1/]

Total supply rose 806 MBD over prior-year levels in April as a result of a 450 MBD increase in imports and a 356 MBD rise in total domestic supply.

Production

April crude oil production exceeded last year's level by about 0.5%. Alaskan production, after several days of reduced flow through the Alaskan pipeline during March, was even higher during April than levels prevailing in recent "normal" months. The roughly 50 MBD increase in Alaskan production compared with last year was offset by a small decline in lower 48 output. At this point, lower 48 production is some 1.2 million barrels per day higher than could have been expected if price decontrol had not ended the steady declines of the seventies.

Performance has not been uniform. Exhibit I shows production levels over the past 24 months for the five top-producing states (Texas, Alaska, Louisiana, California and Oklahoma) which, in total, currently account for more than 80% of total U.S. production, as well as for the total of the remaining states. Exhibit II traces the five states' year-to-year changes in production levels for the same period. Output has generally shown year-to-year increases in Louisiana, Alaska, and California, while in Texas and Oklahoma production has been on the decrease. Of the top producers, Louisiana showed an increase of more than 60 MBD, or close to 5%, while Texas experienced a 70 MBD decrease (or about 3%).

In total, these five states have shown a roughly 10 MBD increase during the past 12 months, while the remaining states experienced a decrease of about 20 MBD.

Imports

Imports increased 450 MBD, or 10%, over last April's level. Crude oil imports continued at high levels, the 481 MBD increase being offset minimally by a 31 MBD decrease in product imports. Distillate imports fell sharply, decreasing by about 50% from high, weather-related levels of the first quarter to about 150 MBD in April, though even at that level they were still twice as high as a year ago.

The leading oil importers to the U.S. in February (the latest month available) ranked as follows: (1) Mexico, (2) Canada, (3) Venezuela, (4) Virgin Islands, and (5) Algeria. About 1/3 of imports originated in OPEC countries and 2/3 in non-OPEC countries. Reverse ratios prevailed no more than 5 years ago.

Net imports dependency was 28.4% in April compared with 25.2% last April. The rate has not varied significantly during the past few months.

Inventories

Total inventories rose about 6 million barrels in April, slightly above historical experience.

Gasoline stocks increased 5 million barrels in a counter-seasonal move. They represent 37 days of supply, slightly higher than normal for this time of year.

Crude oil stocks rose by about 11 million barrels, reverting to the 340-350 million barrel level that, with minor variations, has prevailed for the past two years. While some 60 million barrels above immediate needs, the excess is seemingly perceived as providing a satisfactory cushion for unexpected increases in product requirements and, combined with substantial available refinery capacity, lends additional flexibility to the refining system.

Distillate inventories are not substantially different from last year's level.

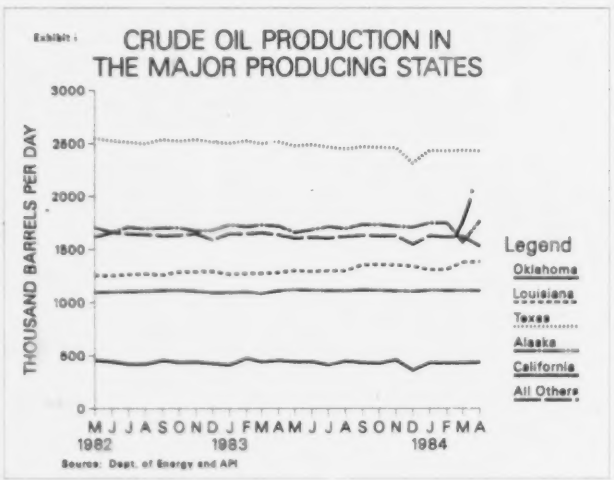
Refinery Utilization

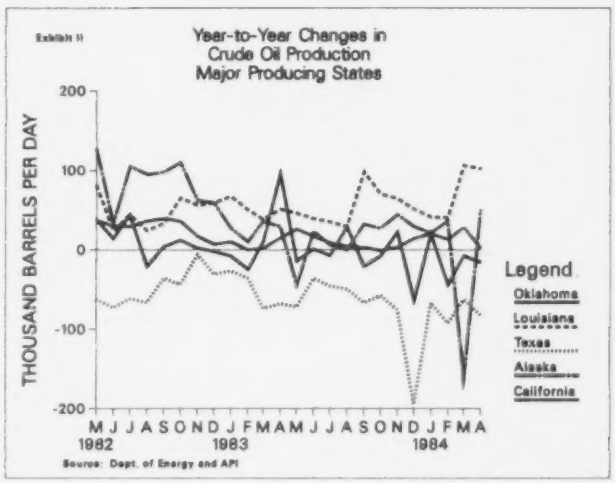
Refinery utilization rose to 74.8% in April, roughly 5½ percentage points above the year-earlier level. The increase results from the combination of a roughly 500 MBD higher rate of input to distillation units and a similar-size decrease in operable capacity.

Exploration

The number of active rigs fell 4% in April, seasonally adjusted. April data for wells drilled are not yet available. However, in March the number of wells drilled rose about 9.6% over the prior year, a slightly higher increase than experienced in February.

(In millions of B/D)	APRIL ESTIMATES			YEAR-TO-DATE ESTIMATES		
	1984	1983	% Change	1984	1983	% Change
—Total supply	16.2	15.4	5.2	16.4	14.9	9.8
—Crude production[2/]	8.8	8.7	0.5	8.7	8.7	(0.2)
—Crude oil imports[3/4/]	3.4	2.9	16.3	3.1	2.4	27.4
—Product imports	1.6	1.6	(1.9)	2.0	1.5	40.2





1/ Total supply, i.e., production plus imports adjusted for net stock change is equal to total products supplied from primary storage. Total products supplied from primary storage less exports is equal to total domestic products supplied. Information contained in this report is derived from information published in the API Weekly Bulletin and is based on historical analysis of the industry. All data reflect the most current information available to the API and include all previously published revisions.

2/ Includes lease condensate.

3/ Beginning with January 1977, the U.S. Department of Energy began reporting crude oil imports as of the date of importation. Previously, this data, with the exception of Canadian crude imports, was reported as of the date it was received at the refinery. This change may affect both the level of crude oil imports and crude oil stocks. API estimates of these data may, therefore, differ slightly from those of the U.S. Department of Energy.

4/ API data do not include crude oil imported for the Strategic Petroleum Reserve (SPR) nor crude oil stocks held in the SPR (according to the U.S. Department of Energy, the SPR held approximately 397 million barrels as of April 30, 1984).

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ESTIMATED UNITED STATES PETROLEUM BALANCE

(Daily Average in Thousands of 42 Gallon Barrels)

Products Supplied/Supply From Primary Storage	APRIL			YEAR-TO-DATE		
	1984[1]	1983[2]	% Change	1984[3R]	1983[2]	% Change
Products Supplied:						
Total motor gasoline	6,696	6,501	3.0	6,373	6,343	0.5
Finished leaded motor gasoline*	2,881	2,996	(3.8)	2,685	2,906	(7.6)
Finished unleaded motor gasoline*	3,815	3,505	8.8	3,688	3,437	7.3
Naphtha-jet	213	214	(0.5)	202	213	(5.2)
Kerosine-jet	907	841	7.8	922	802	15.0
Distillate fuel oil	2,827	2,713	4.2	3,090	2,801	10.3
Residual fuel oil	1,309	1,364	(4.0)	1,591	1,519	4.7
All other oils[4]	3,580	3,246	10.3	3,741	3,453	8.3
Reclassified[5]	- 157	- 98	60.2	- 187	- 174	7.5
Total domestic products supplied	15,375	14,781	4.0	15,732	14,957	5.2
Exports	620	809	(23.4)	602	863	(30.2)
Total products supplied	15,995	15,590	2.6	16,334	15,820	3.2
Supply:						
Domestic production:						
Crude oil[6]	8,757	8,717	0.5	8,673	8,694	(0.2)
Natural gas liquids	1,598	1,502	6.4	1,610	1,575	2.2
Other supply[7]	862	642	34.3	908	723	25.6
Total domestic supply	11,217	10,861	3.3	11,191	10,992	1.8
Imports:						
Crude oil, total	3,430[10/]	2,949[10/]	16.3	3,119[10/]	2,448[10/]	27.4
Canadian	334	246	35.8	314	248	26.6
Other	3,096	2,703	14.5	2,805	2,200	27.5
Products, total	1,559	1,590	(1.9)	2,049	1,461	40.2
Residual fuel oil	546	743	(26.5)	826	689	19.9
Other	1,013	847	19.6	1,223	772	58.4
Total imports	4,989	4,539	9.9	5,168	3,909	32.2
Total supply	16,206	15,400	5.2	16,359	14,901	9.8
Stock change, all oils	+ 211	- 190	XXXX	+ 25	- 919	XXXX
Refinery Operations						
Input to crude oil distillation units	12,170	11,664	4.3	12,088	11,306	6.9
Operable capacity	16,270	16,832	(3.3)	16,229	16,832	(3.6)
Refinery utilization (%)[8]	74.8%	69.3%	7.9	74.5%	67.2%	10.9
Crude oil runs	11,907	11,436	4.1	11,868	11,004	7.9

Stocks (millions bbls.)	1984		1983[2]	% Change from ...	
	Apr. 30[9]	Mar. 31[9]	Apr. 30	Previous Month	Year Ago
Crude oil 10/	345.0	333.8	365.8	3.4	(5.7)
Unfinished oils	115.4	113.5	114.1	1.7	1.1
Total motor gasoline**	250.1	244.8	220.8	2.2	13.3
Finished leaded motor gasoline*	101.4	101.2	91.0	0.2	11.4
Finished unleaded motor gasoline*	107.0	101.4	91.9	5.5	16.4
Naphtha-jet	6.4	6.7	6.4	(4.5)	-
Kerosine-jet	34.1	34.2	33.8	(0.3)	0.9
Distillate fuel oil	100.4	110.2	103.2	(8.9)	(2.7)
Residual fuel oil	45.7	48.0	46.6	(4.8)	(1.9)
All other oils	179.9	179.5r/	167.2	0.2	7.6
Total all oils	1,077.0	1,070.7r/	1,057.9	0.6	1.8

1/ Based on API estimated data converted to a monthly basis.
2/ Source: U.S. Department of Energy.
3/ Source: January-February, U.S. Department of Energy, March-April, API.
4/ Includes crude losses.
5/ Beginning with January 1981, U.S. Department of Energy began using a new data collection system which encompasses a method to ascertain the amount of product reclassified during the production phase. So that there will be no double counting of these volumes, they are subtracted from total domestic products supplied.
6/ Includes lease condensate.
7/ Includes Unaccounted-for crude oil, Refinery input of other hydrocarbons, and Processing gain.
8/ Represents "Input to crude oil distillation units" as a percent of "Operable capacity."
9/ Derived by interpolating API weekly stocks data.
10/ Data do not include oil imported for the Strategic Petroleum Reserve (SPR) nor crude oil stocks held in the SPR.
R/ Revised.
* Included in motor gasoline.
** Includes finished leaded, finished unleaded, and motor gasoline blending components stocks.

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Monthly Statistical Report

Prepared by the Statistics Department

Vol. 8, No. 5

JUNE 13, 1984

MAY 1984

ESTIMATED U.S. PETROLEUM BALANCE

SUMMARY

Total domestic products were supplied at a near 1.3 MMBD (8.8%) higher rate in May than a year ago. Light products and "other oils" experienced substantial year-to-year increases but residual fuel oil demand continued to trail last year's level. Over the past 12 months, the level of total domestic products supplied has shown a roughly 4½% upward trend. This is in good part due to the substantial acceleration in demand in the most recent months, which reflects relatively stable prices and the broadening of the current economic recovery.

Crude oil production was ahead of 1983 levels in May in both Alaska and the lower 48; however, over the longer term it has remained relatively stable. Imports continued at high levels, rising almost 22% over last May's. The largest part of the increase resulted from higher crude oil imports. Inventories rose about 22 million barrels, twice the normal seasonal rise; an increase in crude oil inventories accounted for most of the total stocks increase.

The late April upturn in the number of active rigs continued in May. As a result, May's active rigs numbered 18% more than a year ago. Wells reported drilled fell about 11½ % in April compared with year-earlier levels. May data are not yet available.

PRODUCTS SUPPLIED[1/]

Gasoline

DELIVERIES UP 6%, PRICES DOWN 5%; UNLEADED'S SHARE ABOUT 58%

Gasoline supplied levels rose 414 MBD (6.3%) compared with last May's, reflecting a significant increase over the recent trend in consumption. The accelerated rise in gasoline consumption appears, in large measure, to be the result of the combination of higher real disposable income (up 7% from March 1983 to March 1984) and downtrending gasoline prices. A smaller part of the delivery increase, possibly 50-100 MBD, is the result of drawdown of non-primary inventories last May, still at above normal levels then because of tax-related fill-ups prior to the April 1 motor fuel tax increase.

While the year-to-date increases in car efficiency have been slowing gradually, they continue to lessen the growth in gasoline demand. During 1983, for example, the increase in miles traveled amounted to almost 4%, while total gasoline demand rose only slightly—about 1%. However, with slower increases in fleet efficiency, the increases in miles traveled — now estimated to be running at close to 6% — are having a more significant impact on gasoline demand.

Gasoline pump prices stayed relatively stable in May but, when adjusted for inflation, were about 5% (7¢) below last year and 23% below the March 1981 high.

Unleaded gasoline's market share, at 58.2%, was slightly higher than last month and up about 4 percentage points from May 1983 levels. New car sales continue to show significant year-to-year increases, gradually changing the fleet mix towards higher use of unleaded gasoline.

Distillates

DISTILLATES UP 19% DUE TO NON-PRIMARY INVENTORY CHANGES, STRONG DIESEL DEMAND

Distillate supplied levels topped last May's by 455 MBD (19.4%). Inventory changes at the non-primary level are estimated to account for more than 250 MBD of this increase, a result of below-normal replenishment last May (about 100 MBD) and substantial takings this year (about 150 MBD) to fill secondary inventories, which, according to some reports, had been depleted to below-normal levels. Most of the remainder of May's increase in distillates supplied stems from continued strength in practically all sectors of the diesel market. Truck and rail traffic levels, which had bottomed out at this time last year, have shown increases in the low double-digit range. Off-highway and farm use demand levels have also been strong.

Residual Fuel Oil

RESID DOWN 9% DUE TO FUEL-SWITCHING IN INDUSTRIAL SECTOR

Residual fuel oil deliveries they declined 118 MBD (9.0%) from last May's level. Bunker fuel sales, in line with recovering worldwide shipping activity, are believed to be about equal to last year's levels. Latest 1984 data for the electric utilities' use of residual fuel oil are for the first 3 months, during which their purchases averaged about 100 MBD more than during the year-earlier period. Higher purchase levels may well have continued, because electricity production is substantially higher than a year ago and the utilities' residual fuel oil inventories are still low. Industrial sector demand for residual fuel oil, however, continues to be weak and, despite the buoyancy of the economic recovery, is estimated to have provided most of the offsetting demand decline. Fuel switching appears to be at least in part responsible. Natural gas prices have been on a downward trend for some time. Residual fuel oil prices, while holding relatively steady recently in most markets, are generally up considerably from last year's levels. These price developments appear to indicate that some switching from residual fuel oil to natural gas may well be occurring.

Kerosine Jet Fuel

MILES FLOWN AND JET FUEL DELIVERED BOTH ON THE RISE

With many operational changes to effect greater efficiency having been made since kerosine jet fuel prices started to rise significantly in early 1979, the miles flown/fuel use ratio now appears to be stabilizing. Though undoubtedly some further fuel-efficiency increases are being achieved, the rate of air traffic increases is likely to be the major determinant of changes in total kerosine jet fuel demand. It is, therefore, surprising that kerosine jet fuel deliveries rose by more than 16% in May over year-earlier levels. Miles flown, one of the indicators of air traffic levels, rose only 9% during the first quarter compared with 1983's first quarter (latest data available). Assuming air traffic levels have remained in roughly the same range during April and May, it may be reasonable to assume that filling of end-user storage played a significant part in the high level of kerosine jet fuel deliveries.

Other Oils

STRONG RECOVERY IN CHEMICAL AND ROAD BUILDING SECTORS

The level of "other oils" supplied rose 462 MBD (14.6%). This substantial increase mainly reflects recovery of most sectors of the chemical industry and allied activities. First quarter 1984 capacity utilization in the chemical industry rose about ten percentage points over 1983's first quarter, reaching more than 80% of nameplate—and close to 90% of effective—capacity. Road building and maintenance projects are reportedly also on the increase as a result of substantially increased receipts from federal, state, and local motor fuel taxes.

(In millions of B/D)	MAY ESTIMATES			YEAR-TO-DATE ESTIMATES		
	1984	1983	% Change	1984	1983	% Change
—Total domestic products supplied	15.5	14.3	8.8	15.8	14.8	6.8
—Motor gasoline supplied	7.0	6.5	6.3	6.5	6.4	2.4
—Distillate fuel oil supplied	2.8	2.3	19.4	3.0	2.7	12.5
—Residual fuel oil supplied	1.2	1.3	(9.0)	1.5	1.5	4.7

PETROLEUM SUPPLY[1/]

Total supply rose 1.5 MMBD in May compared with a year ago. A nearly 1 MMBD increase in imports and 0.5 MMBD rise in total domestic supply accounted for the increase.

Production

PRODUCTION UP ALMOST 2% OVER LAST YEAR

Crude production rose about 163 MBD (1.9%) over last May's level, with both Alaskan and lower 48 production higher than a year ago. However, last May's production was well below average, partly because Alaskan output was low. This month's U.S. production increase, therefore, cannot be considered representative. On the whole, Alaskan production has been experiencing almost uninterrupted year-to-year increases, while lower 48 output is still showing close-to-offsetting declines. As a result, year 1983 total U.S. production and 1984 output to date have been relatively constant.

Imports

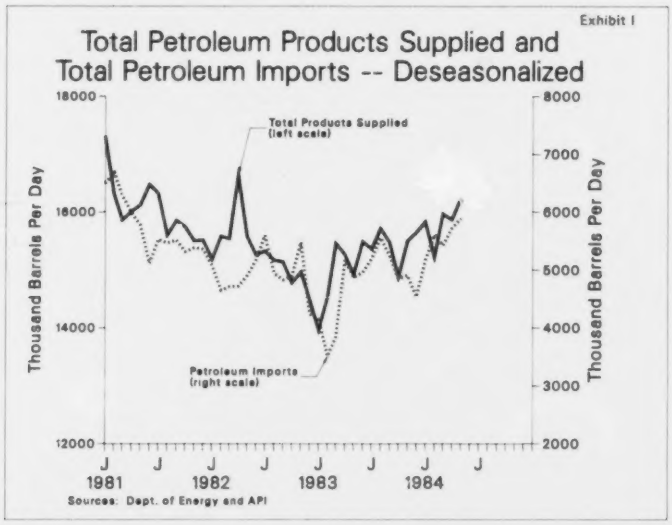
IMPORTS INCREASING; HIGHER DEMAND AND RELATIVELY STABLE STOCKS THE CAUSE

The nearly one-million barrel (21.5%) year-to-year increase in imports in May consisted mainly of higher crude imports, although distillate imports increased about 60%. Excluding the high rate of year-to-year increases in imports during the first quarter—distorted by last year's uncertainty as to the timing and degree of oil price declines—imports since last fall have been running at a roughly 12% higher rate.

Exhibit I compares total petroleum demand and total imports since the beginning of 1981. Rekindled total demand for petroleum products has been reflected in a steady growth of imports, as domestic production has not increased substantially and inventories are close to early 1983 levels. Absent any changes in domestic production, movement in demand levels will be directly reflected in import levels. Over the shorter term, of course, increases in import levels may depart from this relationship because of changes in other elements of domestic supply and inventories.

Net import dependency rose to 31%, some five percentage points above last May's level. Canada edged out Mexico to be the lead importer during March, the latest available month, followed by Mexico, the United Kingdom, Venezuela, and Saudi Arabia. Imports from Persian Gulf OPEC countries accounted for almost 10% of total imports and the remainder of OPEC for about 24%, while roughly 66% originated in non-OPEC countries.

Exhibit I



Inventories

TOTAL INVENTORIES UP 22 MM BARRELS. DISTILLATE INVENTORIES BELOW LAST YEAR; PRODUCTION RISING

Total inventories rose 22 million barrels in May, twice normal seasonal expectations. Crude oil inventory increases made up the bulk of the total inventory increase. Gasoline inventories represent 36 days of supply, in the upper end of the historical range. Distillate inventories are about 9 million barrels below last May's. Distillate inventories last year proved adequate for then-prevailing demand. In 1984, the combination of a winter much colder than forecast and a surge in diesel fuel demand have combined to reduce inventories to lower levels than would otherwise have prevailed. To accommodate the substantial increase in demand, production levels (up about 150 MBD in May) have been increased and, for the year to date, are almost 400 MBD over five-month 1983 levels.

Refinery Operations

UTILIZATION UP 5 POINTS OVER LAST YEAR

Refinery utilization reached 76.8% in May, about five percentage points above May 1983 levels. Higher refinery input and lower operable capacity levels contributed to a roughly equal degree to the increase in the utilization rate.

Exploration

DRILLING ACTIVITY MIXED; RIGS UP 18% OVER LAST YEAR, APRIL WELLS DOWN, MAY NOT YET AVAILABLE

The number of active rigs rose 18% in May over year-earlier levels and 9%, seasonally-adjusted, over prior-month activity. Wells reported drilled fell 11½% in April. May data are not yet available.

(In millions of B/D)	MAY ESTIMATES			YEAR-TO-DATE ESTIMATES		
	1984	1983	% Change	1984	1983	% Change
—Total supply	17.0	15.5	9.7	16.5	15.0	10.1
—Crude production[2/]	8.8	8.6	1.9	8.8	8.7	0.9
—Crude oil imports[3/4/]	3.8	2.9	28.5	3.2	2.6	27.3
—Product imports	1.8	1.7	9.0	2.0	1.5	35.1

1/ Total supply, i.e., production plus imports adjusted for net stock change is equal to total products supplied from primary storage. Total products supplied from primary storage less exports is equal to total domestic products supplied. Information contained in this report is derived from information published in the API Weekly Bulletin and is based on historical analysis of the industry. All data reflect the most current information available to the API and include all previously published revisions.

2/ Includes lease condensate.

3/ Beginning with January 1977, the U.S. Department of Energy began reporting crude oil imports as of the date of importation. Previously, this data, with the exception of Canadian crude imports, was reported as of the date it was received at the refinery. This change may affect both the level of crude oil imports and crude oil stocks. API estimates of these data may, therefore, differ slightly from those of the U.S. Department of Energy.

4/ API data do not include crude oil imported for the Strategic Petroleum Reserve (SPR) nor crude oil stocks held in the SPR (according to the U.S. Department of Energy, the SPR held approximately 404 million barrels as of May 31, 1984).

ESTIMATED UNITED STATES PETROLEUM BALANCE

(Daily Average in Thousands of 42 Gallon Barrels)

Products Supplied/Supply From Primary Storage	MAY			YEAR-TO-DATE		
	1984[1]	1983[2]	% Change	1984[3R]	1983[2]	% Change
Products Supplied:						
Total motor gasoline	6,954	6,540	6.3	6,540	6,384	2.4
Finished leaded motor gasoline*	2,909	2,993	(2.8)	2,778	2,924	(5.0)
Finished unleaded motor gasoline*	4,045	3,547	14.0	3,762	3,460	8.7
Naphtha-jet	210	216	(2.8)	204	214	(4.7)
Kerosine-jet	916	789	16.1	927	800	15.9
Distillate fuel oil	2,796	2,341	19.4	3,046	2,707	12.5
Residual fuel oil	1,192	1,310	(9.0)	1,545	1,476	4.7
All other oils[4]	3,631	3,169	14.6	3,749	3,394	10.5
Reclassified[5]	- 192	- 114	68.4	- 194	- 162	19.8
Total domestic products supplied	15,507	14,251	8.8	15,817	14,813	6.8
Exports	775	848	(8.6)	680	860	(20.9)
Total products supplied	16,282	15,099	7.8	16,497	15,673	5.3
Supply:						
Domestic production:						
Crude oil[6]	8,778	8,615	1.9	8,755	8,678	0.9
Natural gas liquids	1,562	1,483	5.3	1,592	1,556	2.3
Other supply[7]	1,061	791	34.1	910	737	23.5
Total domestic supply	11,401	10,889	4.7	11,257	10,971	2.6
Imports:						
Crude oil, total	3,785[10/]	2,945[10/]	28.5	3,247[10/]	2,550[10/]	27.3
Canadian	452	225	100.9	354	243	45.7
Other	3,333	2,720	22.5	2,893	2,307	25.4
Products, total	1,813	1,664	9.0	2,031	1,503	35.1
Residual fuel oil	600	709	(15.4)	787	693	13.6
Other	1,213	955	27.0	1,244	810	53.6
Total imports	5,598	4,609	21.5	5,278	4,053	30.2
Total supply	16,999	15,498	9.7	16,535	15,024	10.1
Stock change, all oils	+ 717	+ 399	XXXX	+ 38	- 649	XXXX
Refinery Operations						
Input to crude oil distillation units	12,499	12,060	3.6	12,165	11,461	6.1
Operable capacity	16,270	16,837	(3.4)	16,198	16,833	(3.8)
Refinery utilization (%)[8]	76.8%	71.6%	7.3	75.1%	68.1%	10.3
Crude oil runs	12,268	11,789	4.1	11,956	11,165	7.1

Stocks (millions bbls.)	1984		1983[2]	% Change from . . .	
	May 31[9]	April 30[9]	May 31	Previous Month	Year Ago
Crude oil 10/	360.9	344.6r/	354.6	4.7	1.8
Unfinished oils	119.1	115.7r/	112.4	2.9	6.0
Total motor gasoline**	252.0	249.6r/	224.7	1.0	12.1
Finished leaded motor gasoline*	100.1	101.0r/	94.7	(0.9)	5.7
Finished unleaded motor gasoline*	109.7	106.9r/	92.1	2.6	19.1
Naphtha-jet	6.2	6.4	6.7	(3.1)	(7.5)
Kerosine-jet	34.4	34.1	34.6	0.9	(0.6)
Distillate fuel oil	99.9	100.5r/	109.2	(0.6)	(8.5)
Residual fuel oil	47.9	45.6r/	50.9	5.0	(5.9)
All other oils	159.4	161.0r/	177.2	(1.0)	(10.0)
Total all oils	1,079.8	1,057.5r/	1,070.3	2.1	0.9

1/ Based on API estimated data converted to a monthly basis.
2/ Source: U.S. Department of Energy.
3/ Source: January-March, U.S. Department of Energy, April-May, API.
4/ Includes crude losses.
5/ Beginning with January 1981, U.S. Department of Energy began using a new data collection system which encompasses a method to ascertain the amount of product reclassified during the production phase. So that there will be no double counting of these volumes, they are subtracted from total domestic products supplied.
6/ Includes lease condensate.
7/ Includes Unaccounted-for crude oil, Refinery input of other hydrocarbons, and Processing gain.
8/ Represents "Input to crude oil distillation units" as a percent of "Operable capacity."
9/ Derived by interpolating API weekly stocks data.
10/ Data do not include oil imported for the Strategic Petroleum Reserve (SPR) nor crude oil stocks held in the SPR.
R/ Revised.
* Included in motor gasoline.
** Includes finished leaded, finished unleaded, and motor gasoline blending components stocks.

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Monthly Statistical Report

Prepared by the Statistics Department

Vol. 8, No. 6

JULY 18, 1984

JUNE 1984

ESTIMATED U.S. PETROLEUM BALANCE

SUMMARY

June total domestic product deliveries were 551 MBD (3.6%) ahead of year-ago levels. While this is a somewhat lower rate of advance than during the prior two months, it helped to maintain the strong pace of the demand recovery that has been underway for the past several months. For the second quarter as a whole, total domestic product supplied levels rose 5.3% over the corresponding 1983 quarter, within the same general range of year-to-year increases as the prior quarter when adjusted for the effects of unusually harsh winter weather.

Significant increases were experienced in deliveries of light products and "other oils." Increased demand during the past several months was mainly the result of relatively stable product prices and the sustained strength of the economic recovery.

Crude oil production continued to remain relatively constant. Imports rose almost 13% during the second quarter. Inventories have shown no significant changes in recent months despite heightened Middle East tension. During June, in fact, they actually fell some 13 million barrels on a seasonally-adjusted basis.

Drilling activities continued to show mixed results. Seasonally adjusted, active rigs, after dipping in the spring, are currently at roughly the same level as at the beginning of the year. Year-to-year changes in the number of wells reported drilled have not shown a decisive trend, rising in February and March and falling in the succeding two months. For that four-month period, reports showed a roughly 1% overall drop when compared with the corresponding 1983 period. June data are not yet available.

PRODUCTS SUPPLIED[1/]

Gasoline

DELIVERIES UP. PRICES CONTINUE TO FALL.

Gasoline supplied levels rose only 1.1% in June but were about 212 MBD (3.2%) higher than last year for the second quarter. Increased consumption this year is largely the result of the continuing downdrift of gasoline prices and a substantial increase in real disposable personal income (up more than 7% in April 1984 from April 1983 levels). In addition, last year's second quarter deliveries were reduced by tax-related anticipatory buying in March.

Gasoline pump prices fell another cent in June. This is a counter-seasonal development, as prices have risen in June from May levels in almost every year over the past decade. Adjusted for inflation, they are now about 7% below June 1983 levels.

The downdrift in gasoline prices has seen inflation-adjusted prices fall about 38¢ (in 1984 dollars), or almost 24%, since their highs in early 1981. Combined with continuing improvements in engine fuel efficiency, the drop in gasoline prices has resulted in lowering the fuel cost component of operating an automobile to the point where current cost per mile is about the same, adjusted for inflation, as the 1967 cost on a total fleet basis (costs are an estimated 20% below the 1967 level, when efficiency of new cars only is used in the computation).

Unleaded gasoline's market share, almost 59% in June, was more than four percentage points ahead of last year, slightly greater than the year-to-year advances that have been experienced recently. Car sales for 6 months of 1984 (total domestic and imports) were up about 20% over last year's level, though June's rise was at only a quarter that rate.

Distillates

UP 11% IN 2ND QTR. ON STRONG DIESEL DEMAND.

Though slowing to a roughly 6% rise in June, distillates were supplied at a 278 MBD (11.0%) higher level in the second quarter than in the corresponding 1983 quarter. The major portion of the increase is the result of continued strength in virtually all sectors of the diesel market. The table below lists our estimates of distillate deliveries during the first 6 months of the year by consuming sector. Truck and railroad traffic have been averaging year-to-year advances at mid-teen percentage rates for a number of months. The construction and farm use sectors have also been strong, and data indicate that inland water traffic may have been up substantially.

	(MBD)		
	1st Half 1983	1st Half 1984	% Change
Residential and Commercial	721	788	9.3
Farm	193	205	6.2
Industrial	203	216	6.4
Oil Company	71	78	9.9
Utilities	27	31	14.8
Railroad	256	298	16.4
Bunkers	93	97	4.3
On-Highway	973	1126	15.7
Military	44	46	4.5
Off-Highway	101	117	15.8
Total	2,682	3,002	11.9

Note: Table shows estimated year-to-year consumption changes only in all sectors except Residential/Commercial, which also includes changes in total secondary and tertiary distillate inventories.

Residual Fuel Oil

DELIVERIES SLIGHTLY BELOW LAST YEAR IN SECOND QTR.

Residual fuel oil deliveries increased about 97 MBD (7.3%) during June. For the second quarter, deliveries are about 2% below 1983's second quarter, though, largely because of substantial inventory replenishments in January, residual fuel oil deliveries for the year to date exceeded first half 1983 levels by 63 MBD (4.3%).

Despite some early-year indications of a recovery in worldwide shipping activity, deliveries of bunker fuel still showed a small decrease, perhaps about 30 MBD, during the first four months of the year and are believed to be still running similar-size deficits.

Purchases by electric utilities were up about 170 MBD during the first two months of 1984 versus the corresponding 1983 period, partly because weather-related, high electricity demand required readily-available incremental fuel supplies. But the more recent trend has been downward. Year-to-year deficits were experienced in March and April, as utility fuel oil inventories were permitted to fall. The latest available data for energy input to electric utilities show coal's first quarter share up substantially from 1983 levels, while residual fuel oil continued to lose market position. Natural gas' increase in volume was insufficient to maintain its market share.

In general, the changing fuel mix of electric utilities represents a continuation of the trend prevailing during the past five years which has seen coal's first quarter share increase by nine percentage points, from 45% to 54%, while natural gas' and petroleum's market shares fell two and eleven percentage points, respectively. It is interesting that these basic trends have continued despite the unusually large - roughly 8% - increase in electricity production so far this year over the corresponding 1983 period. A year-to-year increase in electricity production that large has not occurred in more than a decade.

"Industrial and other" residual fuel oil demand, which extended its substantial several-year demand decline into the summer of 1983, subsequently regained some lost volume. Because of a gradually growing disparity in relative price levels, however, demand did not substantially exceed early 1983 levels, seemingly failing to gain proportionately from the strong economic recovery. The added energy demand arising from increased industrial production (up about 14% so far this year over first half 1983 levels) instead benefited alternate fuels, especially natural gas, which has been experiencing substantial volume gains in the industrial sector (up 27% in first 3 months 1984 - latest available data - over the corresponding 1983 period). As Exhibit I shows, prices for natural gas have, over much of the past year, exhibited stable to downward trends. Residual fuel oil prices, on the other hand, have been averaging some 15% higher than last year. This strength results from a combination of reasons. Refinery upgrading has gradually shifted output from residual fuel to higher-priced lighter products. Demand for asphalt, a product competing for roughly the same portion of the barrel as residual fuel oil, has risen substantially as a result of increased road construction and repair. Concurrently, prices of heavier crudes have risen in relation to lighter grades on expanding world spot markets, as lighter crudes were more seriously affected by price erosion.

Kerosene Jet Fuel

DELIVERIES AND MILES FLOWN BOTH INCREASED.

Kerosene jet fuel rose 94 MBD (11.3%) in the second quarter. This is a much smaller rate of increase than occurred in the first quarter, when significant replenishment of end-user storage took place. The current rate of increase appears gradually to be falling in line with increases in miles flown, which have been averaging roughly 11% year-to-year during the first four months of 1984 and likely showed continued year-to-year increases in May and June with overall air traffic remaining high. Further substantial gains in fuel savings, in magnitudes such as resulted from the many operational changes during the early 80's, are no longer being achieved and efficiency levels have consequently been stabilizing.

Other Oils

UP ABOUT 9% IN 2ND QTR. AS CHEMICAL RECOVERY CONTINUES.

Deliveries of "other oils" rose about 295 MBD (8.9%) during the second quarter and have increased almost 10% for the year to date. A good part of this increase is directly related to recovery in the chemical industry, which has responded with high production levels to strong increases in demand in most sectors. In addition, last April's increase in motor fuel taxes at the federal level and substantial tax hikes at the state and local levels have helped to spur road building and maintenance expenditures with resultant increases in road oil demand.

Exhibits II-A through II-D trace the deseasonalized demand trend of major products over the past 2-1/2 years.

(In millions of B/D)	JUNE ESTIMATES			YEAR-TO-DATE ESTIMATES		
	1984	1983	% Change	1984	1983	% Change
—Total domestic products supplied	15.8	15.3	3.6	15.8	14.9	6.1
—Motor gasoline supplied	7.1	7.0	1.1	6.6	6.5	1.9
—Distillate fuel oil supplied	2.7	2.5	6.1	3.0	2.7	11.9
—Residual fuel oil supplied	1.4	1.3	7.3	1.5	1.5	4.3

PETROLEUM SUPPLY[1/]

Total supply rose 999 MBD (6.3%) during the second quarter as a result of a 612 MBD increase in imports and a 387 MBD rise in total domestic supply.

Production

REMAINS RELATIVELY CONSTANT.

Crude production rose only minimally in June and for the second quarter as a whole, continuing the pattern of relatively constant production levels that have existed since early 1983. Increases in Alaskan production have been more or less offset by declines in lower 48 prodution. Lower 48 output since complete decontrol in early 1981, however, compares favorably with the experience of most of the seventies, because substantial new additions have offset natural field declines. As a result, current production levels, as Exhibit III shows, are roughly 1.4 MM barrels per day above levels that could have been expected, had decline rates of the price-controlled seventies continued.

Imports

UP 13% IN 2ND QTR.

Though there was some slowdown in imports in June, the second quarter as a whole experienced a 12.7% increase over last year's second quarter. Both crude and product imports contributed to the increase. Product imports constituted about 36% of total imports, with distillate imports continuing to run at almost twice last year's rate.

With both crude production and inventory levels relatively stable, the increase in domestic petroleum demand has had to be satisfied largely by imports.

Except for an increase of imports from Saudi Arabia, sources of imports have not changed drastically compared with year-earlier patterns. Exhibit IV compares import levels for leading importers for the first four months of 1984 and 1983 (full year 1983 data are also shown, as early 1983 imports were abnormally low because of a general hesitancy to make purchases in an uncertain price environment). Mexico continued to rank first, while Saudi Arabia moved from eighth to fourth place.

Reflecting the rise in imports and downdrift in export levels, the country's net imports dependency continued to rise, reaching more than 30% in the second quarter, a roughly 3 point advance over this time last year.

Inventories

REMAINING STABLE.

Inventories rose only 4 million barrels in June, about a quarter of the normal seasonal increase. Thus, despite increased military activity in the Persian Gulf, there has been no significant change in inventories over the past few months.

The roughly 22 million barrel increase over last June is essentially the result of higher gasoline inventories, mainly caused by unabsorbed production of gasoline as refinery runs were increased in order to replenish distillate inventories.

Refinery Operations

AT 76% UTILIZATION RATE IN 2ND QTR.

Refineries operated at a 77.0% rate in June, in the same range as utilization rates prevailing during the first two months of the quarter. For the 2nd quarter as a whole, at more than 76%, utilization was some 4 percentage points ahead of last year as a result of roughly 225 MBD higher input to distillation units and an approximately 630 MBD drop in operable capacity.

Exploration

RIGS UP 17½% OVER 1983; REPORTED WELLS CLOSE TO LAST YEAR'S LEVEL.

Rigs rose 17.5% over last year's level in the second quarter but, seasonally adjusted, were at about the same level as in the first quarter. The number of wells reported drilled during February through May was about 1.3% less than last year (period was chosen because a consistent number of weeks are available for comparison).

There has been only a minor increase in seismic activity. Though up some 6% over last year, part of the increase is related to a recent addition to surveyed population.

(In millions of B/D)	JUNE ESTIMATES			YEAR-TO-DATE ESTIMATES		
	1984	1983	% Change	1984	1983	% Change
—Total supply	16.7	16.3	2.5	16.6	15.3	9.1
—Crude production[2/]	8.7	8.7	0.3	8.8	8.7	0.6
—Crude oil imports[3/4/]	3.5	3.4	1.9	3.3	2.7	19.6
—Product imports	2.1	1.7	19.6	2.1	1.6	33.5

1/ Total supply, i.e., production plus imports adjusted for net stock change is equal to total products supplied from primary storage. Total products supplied from primary storage less exports is equal to total domestic products supplied. Information contained in this report is derived from information published in the API Weekly Bulletin and is based on historical analysis of the industry. All data reflect the most current information available to the API and include all previously published revisions.

2/ Includes lease condensate.

3/ Beginning with January 1977, the U.S. Department of Energy began reporting crude oil imports as of the date of importation. Previously, this data, with the exception of Canadian crude imports, was reported as of the date it was received at the refinery. This change may affect both the level of crude oil imports and crude oil stocks. API estimates of these data may, therefore, differ slightly from those of the U.S. Department of Energy.

4/ API data do not include crude oil imported for the Strategic Petroleum Reserve (SPR) nor crude oil stocks held in the SPR (according to the U.S. Department of Energy, the SPR held approximately 414 million barrels as of June 30, 1984).

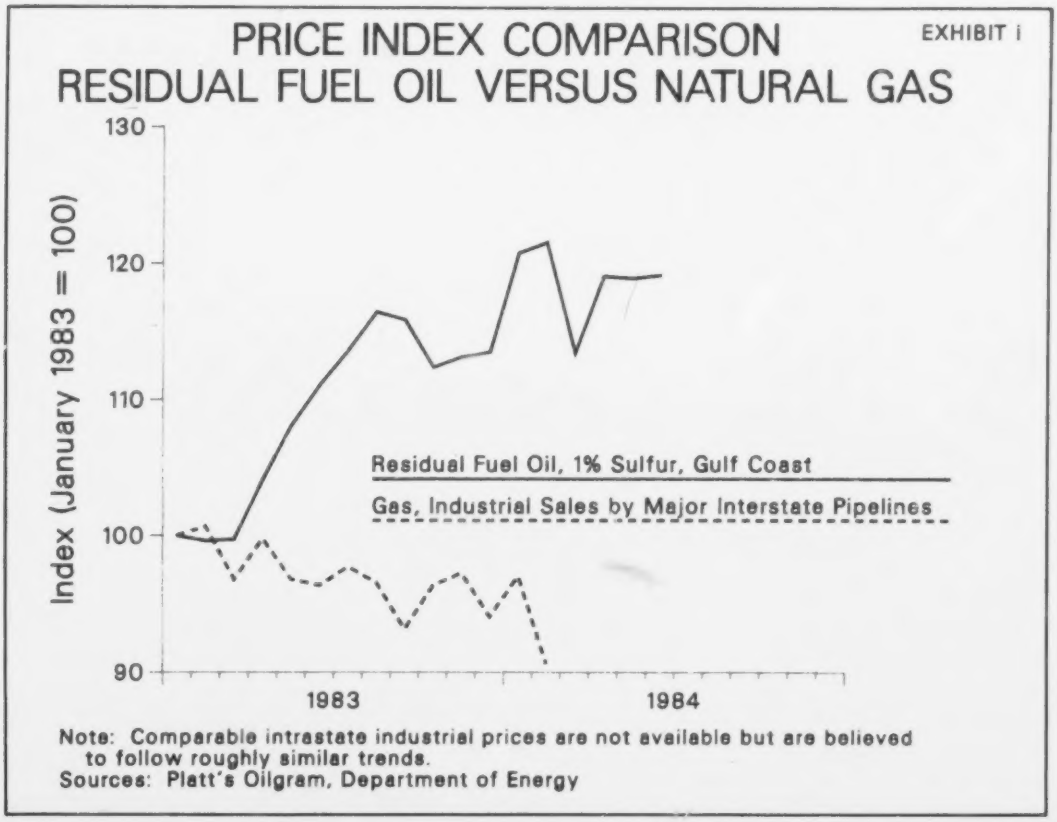


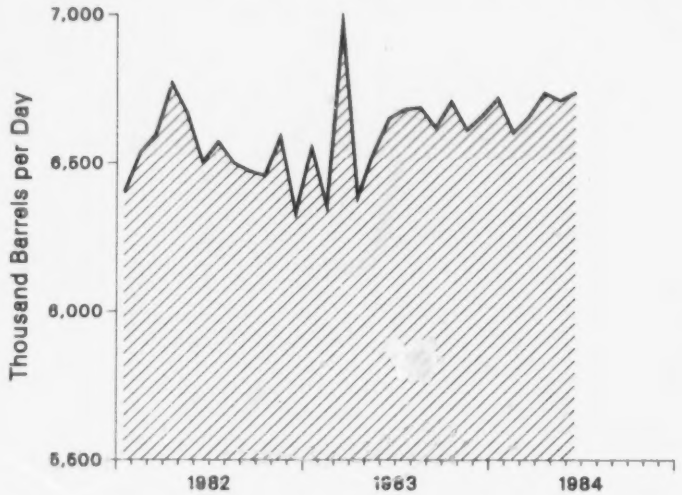
EXHIBIT II-A

SEASONALLY ADJUSTED TOTAL PRODUCT SUPPLIED

Sources: Department of Energy, American Petroleum Institute

EXHIBIT II-B

SEASONALLY ADJUSTED MOTOR GASOLINE SUPPLIED



Sources: Department of Energy, American Petroleum Institute

EXHIBIT II-C

SEASONALLY ADJUSTED, WEATHER ADJUSTED DISTILLATE SUPPLIED

Sources: Department of Energy, American Petroleum Institute

EXHIBIT II-D

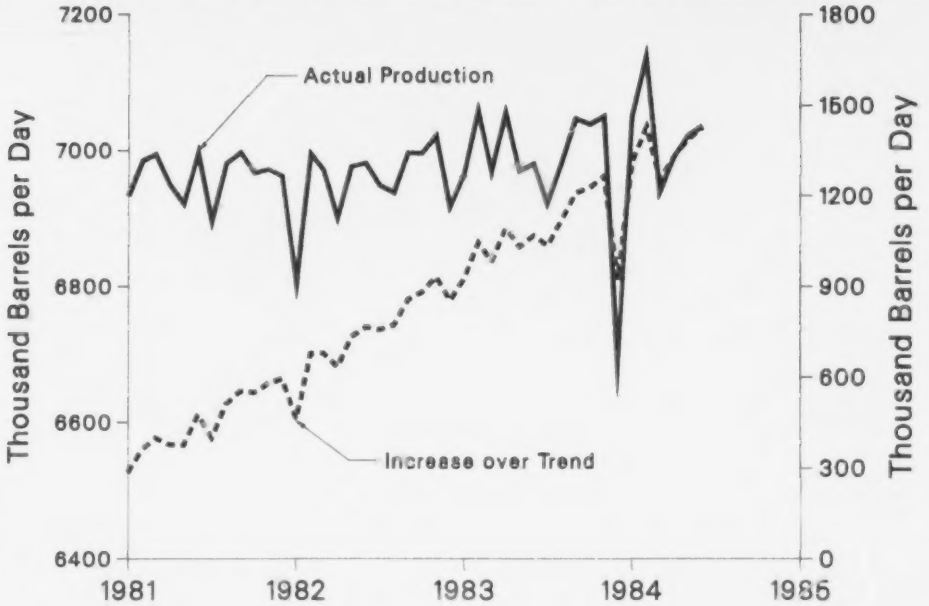
SEASONALLY ADJUSTED RESIDUAL FUEL OIL SUPPLIED

Sources: Department of Energy, American Petroleum Institute

BEST AVAILABLE COPY

Exhibit III

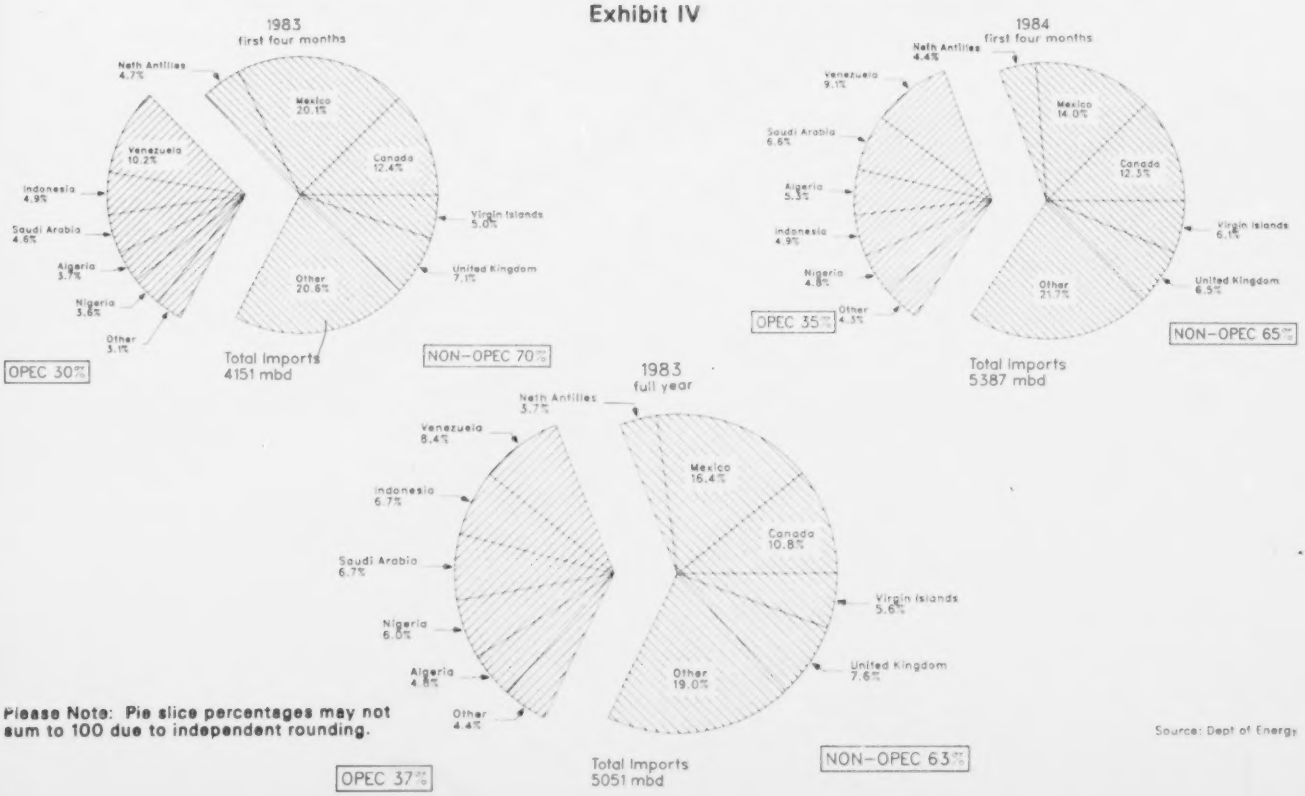
Lower 48 States Crude Oil Production
Actual Production and Increase over 1970's Trend



Sources: Dept. of Energy and API

Imports of Crude Oil and Refined Products by Source--includes SPR imports

Exhibit IV



Please Note: Pie slice percentages may not sum to 100 due to independent rounding.

Source: Dept of Energy

ESTIMATED UNITED STATES PETROLEUM BALANCE

(Daily Average in Thousands of 42 Gallon Barrels)

Products Supplied/Supply From Primary Storage	JUNE			YEAR-TO-DATE		
	1984[1]	1983[2]	% Change	1984[3R]	1983[2]	% Change
Products Supplied:						
Total motor gasoline	7,072	6,994	1.1	6,620	6,497	1.9
Finished leaded motor gasoline*	2,924	3,202	(8.7)	2,789	2,979	(6.4)
Finished unleaded motor gasoline*	4,148	3,792	9.4	3,831	3,518	8.9
Naphtha-jet	212	208	1.9	210	212	(0.9)
Kerosine-jet	946	866	9.2	930	810	14.8
Distillate fuel oil	2,678	2,524	6.1	3,002	2,682	11.9
Residual fuel oil	1,420	1,323	7.3	1,532	1,469	4.3
All other oils[4]	3,709	3,463	7.1	3,734	3,403	9.7
Reclassified[5]	- 197	- 89	121.3	- 196	- 147	33.3
Total domestic products supplied	15,840	15,289	3.6	15,832	14,926	6.1
Exports	695	774	(10.2)	688	846	(18.7)
Total products supplied	16,535	16,063	2.9	16,520	15,772	4.7
Supply:						
Domestic production:						
Crude oil[6]	8,689	8,667	0.3	8,759	8,704	0.6
Natural gas liquids	1,584	1,523	4.0	1,594	1,536	3.8
Other supply[7]	860	947	(9.2)	934	723	29.2
Total domestic supply	11,133	11,137	-	11,287	10,963	3.0
Imports:						
Crude oil, total	3,450[10/]	3,387[10/]	1.9	3,251[10/]	2,719[10/]	19.6
Canadian	339	286	18.5	367	251	46.2
Other	3,111	3,101	0.3	2,884	2,468	16.9
Products, total	2,091	1,749	19.6	2,097	1,571	33.5
Residual fuel oil	768	677	13.4	799	699	14.3
Other	1,323	1,072	23.4	1,298	872	48.9
Total imports	5,541	5,136	7.9	5,348	4,290	24.7
Total supply	16,674	16,273	2.5	16,635	15,253	9.1
Stock change, all oils	+ 139	+ 210	XXXX	+ 115	- 519	XXXX
Refinery Operations						
Input to crude oil distillation units	12,531	12,609	(0.6)	12,207	11,673	4.6
Operable capacity	16,270	16,838	(3.4)	16,184	16,856	(4.0)
Refinery utilization (%)[8]	77.0%	74.9%	2.8	75.4%	69.3%	8.8
Crude oil runs	12,333	12,284	0.4	12,016	11,365	5.7

Stocks (millions bbls.)	1984		1983[2]	% Change from ...	
	June 30[9]	May 31[9]	June 30	Previous Month	Year Ago
Crude oil 10/	356.1	360.9	350.5	(1.3)	1.6
Unfinished oils	109.0	119.1	110.8	(8.5)	(1.6)
Total motor gasoline**	249.6	252.4r/	222.6	(1.1)	12.1
Finished leaded motor gasoline*	98.1	100.5r/	95.1	(2.4)	3.2
Finished unleaded motor gasoline*	109.4	109.7	87.7	(0.3)	24.7
Naphtha-jet	6.6	6.2	6.9	6.5	(4.3)
Kerosine-jet	34.4	34.4	34.2	-	0.6
Distillate fuel oil	113.6	99.9	113.7	13.7	(0.1)
Residual fuel oil	49.2	47.9	49.9	2.7	(1.4)
All other oils	176.8	170.4r/	184.4	3.8	(4.1)
Total all oils	1,095.3	1,091.2r/	1,073.0	0.4	2.1

1/ Based on API estimated data converted to a monthly basis.
2/ Source: U.S. Department of Energy.
3/ Source: January-April, U.S. Department of Energy, May-June, API.
4/ Includes crude losses.
5/ Beginning with January 1981, U.S. Department of Energy began using a new data collection system which encompasses a method to ascertain the amount of product reclassified during the production phase. So that there will be no double counting of these volumes, they are subtracted from total domestic products supplied.
6/ Includes lease condensate.
7/ Includes Unaccounted-for crude oil, Refinery input of other hydrocarbons, and Processing gain.
8/ Represents "Input to crude oil distillation units" as a percent of "Operable capacity."
9/ Derived by interpolating API weekly stocks data.
10/ Data do not include oil imported for the Strategic Petroleum Reserve (SPR) nor crude oil stocks held in the SPR.
R/ Revised.
* Included in motor gasoline.
** Includes finished leaded, finished unleaded, and motor gasoline blending components stocks.

ESTIMATED UNITED STATES PETROLEUM BALANCE

(Daily Average in Thousands of 42 Gallon Barrels)

Products Supplied/Supply From Primary Storage	2nd QUARTER		
	1984[1]	1983[2]	% Change
Products Supplied:			
Total motor gasoline	6,899	6,687	3.2
Finished leaded motor gasoline*	2,883	3,074	(6.2)
Finished unleaded motor gasoline*	4,016	3,613	11.2
Naphtha-jet	221	209	5.7
Kerosine-jet	923	829	11.3
Distillate fuel oil	2,801	2,523	11.0
Residual fuel oil	1,322	1,346	(1.8)
All other oils[3]	3,624	3,329	8.9
Reclassified[4]	- 185	- 97	90.7
Total domestic products supplied	15,605	14,826	5.3
Exports	709	811	(12.6)
Total products supplied	16,314	15,637	4.3
Supply:			
Domestic production:			
Crude oil[5]	8,719	8,691	0.3
Natural gas liquids	1,587	1,507	5.3
Other supply[6]	1,044	765	36.5
Total domestic supply	11,350	10,963	3.5
Imports:			
Crude oil, total	3,497[9/]	3,123[9/]	12.0
Canadian	407	252	61.5
Other	3,090	2,871	7.6
Products, total	1,934	1,696	14.0
Residual fuel oil	668	723	(7.6)
Other	1,266	973	30.1
Total imports	5,431	4,819	12.7
Total supply	16,781	15,782	6.3
Stock change, all oils	+ 467	+ 145	XXXX
Refinery Operations			
Input to crude oil distillation units	12,364	12,139	1.9
Operable capacity	16,219	16,850	(3.7)
Refinery utilization (%)[7]	76.2%	72.0%	5.8
Crude oil runs	12,166	11,839	2.8

Stocks (millions bbls.)	2nd QUARTER		
	1984[8]	1983[2]	% Change
Crude oil	356.1[9/]	350.5[9/]	1.6
Unfinished oils	109.0	110.8	(1.6)
Total motor gasoline**	249.6	222.6	12.1
Finished leaded motor gasoline*	98.1	95.1	3.2
Finished unleaded motor gasoline*	109.4	87.7	24.7
Naphtha-jet	6.6	6.9	(4.3)
Kerosine-jet	34.4	34.2	0.6
Distillate fuel oil	113.6	113.7	(0.1)
Residual fuel oil	49.2	49.9	(1.4)
All other oils	176.8	184.4	(4.1)
Total all oils	1,095.3	1,073.0	2.1

1/ Source: U.S. Department of Energy, April; May-June, API.
2/ Source: U.S. Department of Energy.
3/ Includes crude losses.
4/ Beginning with January 1981, U.S. Department of Energy began using a new data collection system which encompasses a method to ascertain the amount of product reclassified during the production phase. So that there will be no double counting of these volumes, they are subtracted from total domestic products supplied.
5/ Includes lease condensate.
6/ Includes Unaccounted-for crude oil, Refinery input of other hydrocarbons, and Processing gain.
7/ Represents "Input to crude oil distillation units" as a percent of "Operable capacity."
8/ Derived by interpolating API weekly stocks data.
9/ Data do not include oil imported for the Strategic Petroleum Reserve (SPR) nor crude oil stocks held in the SPR.
* Included in motor gasoline.
** Includes finished leaded, finished unleaded, and motor gasoline blending components stocks.

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American Petroleum Institute
1220 L Street, Northwest
Washington, D.C. 20005

Monthly Statistical Report

Prepared by the Statistics Department

Vol. 8, No. 7

AUGUST 15, 1984

JULY 1984

ESTIMATED U.S. PETROLEUM BALANCE

SUMMARY

The pace of year-to-year increases in total domestic products supplied continued to be strong in July. Deliveries increased 648 MBD (4.3%), largely as a result of continuing substantial increases in light product deliveries.

Crude production rose 1.1%. Imports fell about 90 MBD from year-earlier levels and, on a deseasonalized basis, declined some 8% from first-half 1984 levels. Total inventories were at the same level as in June. They did not experience their normal seasonal rise mainly because of a sizable downward adjustment of previously-high gasoline inventory levels and lower imports related to price uncertainty in world oil markets.

Drilling activities improved over last year's level but have exhibited a rather inconclusive pattern in recent months. The July rig count advanced only minimally, when seasonally adjusted, over levels prevailing early this year. Wells reported drilled in June showed a slight decrease versus preceding months when adjusted for seasonal factors. July data are not yet available.

PRODUCTS SUPPLIED[1/]

Gasoline

DELIVERIES UP 4%; PRICES CONTINUE TO DECLINE.

Gasoline was supplied at levels about 290 MBD (4.3%) above last July's as a result of continuing gains in real disposable income (up 8% May 1983/May 1984) and further weakening of gasoline prices.

Since early May, gasoline prices have been declining almost uninterruptedly, a counter-seasonal pattern. Pump prices dropped a further 2¢ in July to a level some 9% below last year, adjusted for inflation, and on that basis are currently down about 25% from the March 1981 high. The decline in gasoline prices since early 1981 has, in fact, resulted in returning inflation-adjusted posted gasoline prices to their mid-1979 levels, despite sizable increases in federal, state, and local taxes that took place in the interim.

Exhibit I traces real gasoline prices, disposable income, and gasoline demand since 1979. While the significant price rises of 1979/80 depressed gasoline demand, their decline over the past 3½ years, coupled with rises in real disposable income, stabilized, and eventually helped to increase, gasoline demand.

Unleaded gasoline's market share, at 59%, is up more than three percentage points from last year's level. For the year to date, unleaded's share has risen at a roughly similar rate. U.S. car production showed the best July year-to-year gain since 1979. Sales are also reportedly strong, contributing to the gradual gain in unleaded gasoline's market share.

Distillates

DELIVERIES UP ABOUT 11%; ABOUT HALF THE INCREASE TAX-RELATED.

During July, distillate deliveries rose 246 MBD (10.8%) over year-earlier levels. Though volume indicators of truck and railroad traffic showed somewhat smaller rates of year-to-year increases than during the several preceding months, traffic increases are estimated to have still added about 100 MBD to distillate delivery levels. The remainder is likely to have resulted from anticipatory buying prior to a 6¢ per gallon increase in federal diesel fuel taxes, effective August 1, 1984.

Residual Fuel

DELIVERIES DOWN 2%.

While deliveries of residual fuel oil were 22 MBD (1.7%) below last July's, the prior months' trend of gradually-improving overall year-to-year comparisons continues.

Bunker fuel oil sales over the past few months have been somewhat below year-earlier levels, perhaps by about 40 MBD. Recent market uncertainty is likely to have resulted in a continuation of this decline rate in July, or an even larger decrease.

Electricity production, up about 8% over last year through the first half of the year, experienced only minimal change during July, in part because last July's hot weather had pushed up electricity needs; July 1984 was cooler than normal. Purchases of

petroleum products by electric utilities have followed an erratic course this year, showing year-to-year increases early in the year, followed by subsequent declines. For the first five months as a whole, the utilities' purchases increased by about 25 MBD. Early 1984 increases, however, may well have been misleading, as they likely were mainly the result of harsh winter weather. During that time period, utilities apparently resorted to the greater use of residual fuel oil as a readily-available fuel source to fill temporary, added requirements. During the last three months for which data are available (i.e. March through May 1984), the electric utilities' purchases dropped some 70 MBD compared with the corresponding 1983 period. This may be a better indicator of recent purchase patterns.

"Industrial and other" residual fuel oil demand has been experiencing some year-to-year increases since spring, partly because, during that period in 1983, deliveries were approaching recent-year lows. Recovery of the economy (industrial production up almost 12% in June over June 1983), however, has not as yet been proportionately reflected in this sector. Residual fuel oil prices, which had been relatively steady during the spring—though higher than in the corresponding 1983 period—declined somewhat in July. As prices for natural gas—its major competitor in dual-capability boiler installations—have been relatively stable, there has been no clear-cut added incentive for fuel selection to meet higher energy demand arising from the robust economic recovery.

Kerosine Jet Fuel

UP 11% IN JULY. Kerosine jet fuel was supplied at an 11% higher rate than last July. While, for 7 months, deliveries are still some 14% greater than last year, the last three months have shown a growing degree of parallelism between deliveries and "miles flown", both recently running at a roughly 11% higher rate than a year ago.

Other Oils

DELIVERIES INCREASED AT A SLOWER RATE. The July year-to-year advance of about 116 MBD (3.1%) in levels of other oils supplied, after many months of larger increases, may reflect some downward adjustment of customer inventories. Chemical companies continued to report significant sales gains in the latest quarter over last year's levels, and road building and maintenance activities are also proceeding at a strong pace.

(In millions of B/D)	JULY ESTIMATES			YEAR-TO-DATE ESTIMATES		
	1984	1983	% Change	1984	1983	% Change
—Total domestic products supplied	15.7	15.0	4.3	15.8	14.9	5.9
—Motor gasoline supplied	7.1	6.8	4.3	6.7	6.5	2.1
—Distillate fuel oil supplied	2.5	2.3	10.8	2.9	2.6	12.0
—Residual fuel oil supplied	1.3	1.3	(1.7)	1.5	1.4	3.7

PETROLEUM SUPPLY [1/]

Total supply rose 414 MBD as a result of increased total domestic supply (504 MBD) offset by a 90 MBD imports decline.

Production

UP 1.1% IN JULY. Crude oil production rose an estimated 93 MBD (1.1%) over last July's level, mainly as a result of increased lower 48 production. While recent slight net increases in total U.S. production have been mainly the result of gradually rising Alaskan output, lower 48 production has held up well since decontrol of oil prices in early 1981. During the seventies, new production was insufficient to offset natural field declines, resulting in average annual production decreases of some 300 MBD.

Imports

DOWN ABOUT 2% FROM LAST YEAR'S LEVEL. Imports were 90 MBD (1.6%) lower than last July's, the net result of lower crude imports being only partially offset by an increase in product imports. Residual fuel oil imports were higher, but gasoline and distillate imports were both below last July's, though up substantially on a year-to-date basis. Crude imports in the second quarter were almost 350 MBD above the corresponding 1983 period, while July crude imports were some 170 MBD below last year. Deterioration of spot crude prices may have caused some hesitation on the part of buyers, especially since crude inventories have continued to be relatively high.

During May (latest month available), Canada was the leading source of petroleum imports, followed by Mexico, Venezuela, and Indonesia.

Net dependency, at 30%, remained at the prior month's level, but fell some three percentage points from July 1983's, largely due to the effect of world price uncertainties on import levels.

Inventories

GASOLINE INVENTORIES RETURNING TO MORE NORMAL LEVELS. DISTILLATE INVENTORIES RISING. July total inventories, at the same level as in June, failed to experience the normal seasonal increase. While product demand continued to be strong, price uncertainty may have resulted in deferral of imports, contributing to a lack of seasonal change in total petroleum inventories. About half the shortfall, however, is the result of a reduction in gasoline inventories roughly 9 million barrels greater than normal for this time of year to a more seasonal level of about 34 days of supply. Distillate inventory accumulation in preparation for the next heating season, however, proceeded at its normal pace. Higher distillate yields are contributing to the inventory build-up. Distillate yields averaged about 1 1/2 percentage points more in July than a year ago. As a result, distillate production in July was about 120 MBD greater than last year, despite somewhat lower crude runs.

Refinery Operations

UTILIZATION AT ABOUT 77%. July's capacity utilization rate, at close to 77%, was almost two percentage points above last year's, because the reduction in operable capacity was roughly three times as great as the decrease in input to distillation units.

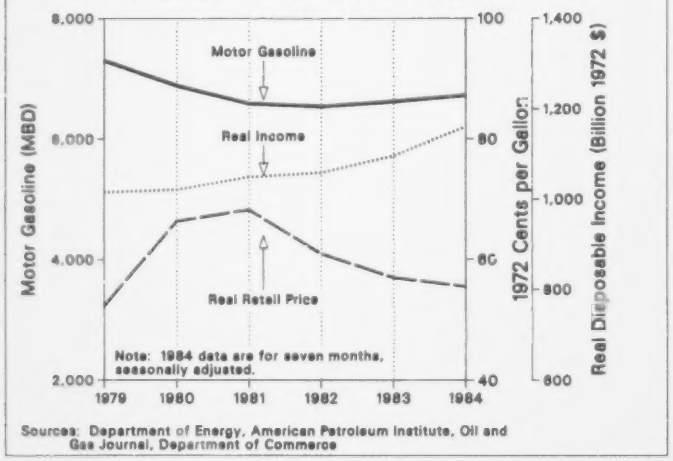
Exploration

ACTIVITY INCREASED OVER LAST YEAR'S LEVELS. Rig activity was about 17% greater in July than a year ago but, seasonally adjusted, has increased little since early this year. While the number of wells reported drilled rose 7% in June over the year-earlier level, it still fell slightly short of the seasonally-adjusted February-May average. July data are not yet available.

(In millions of B/D)	JULY ESTIMATES			YEAR-TO-DATE ESTIMATES		
	1984	1983	% Change	1984	1983	% Change
—Total supply	16.4	16.0	2.6	16.6	15.4	8.2
—Crude production[2/]	8.7	8.6	1.1	8.7	8.7	0.5
—Crude oil imports[3/4/]	3.4	3.6	(4.7)	3.3	2.8	14.6
—Product imports	1.9	1.9	4.2	2.1	1.6	30.2

MOTOR GASOLINE SUPPLIED, REAL GASOLINE PRICES, AND REAL DISPOSABLE PERSONAL INCOME

EXHIBIT I



Sources: Department of Energy, American Petroleum Institute, Oil and Gas Journal, Department of Commerce

1/ Total supply, i.e., production plus imports adjusted for net stock change is equal to total products supplied from primary storage. Total products supplied from primary storage less exports is equal to total domestic products supplied. Information contained in this report is derived from information published in the API Weekly Bulletin and is based on historical analysis of the industry. All data reflect the most current information available to the API and include all previously published revisions.

2/ Includes lease condensate.

3/ Beginning with January 1977, the U.S. Department of Energy began reporting crude oil imports as of the date of importation. Previously, this data, with the exception of Canadian crude imports, was reported as of the date it was received at the refinery. This change may affect both the level of crude oil imports and crude oil stocks. API estimates of these data may, therefore, differ slightly from those of the U.S. Department of Energy.

4/ API data do not include crude oil imported for the Strategic Petroleum Reserve (SPR) nor crude oil stocks held in the SPR (according to the U.S. Department of Energy, the SPR held approximately 424 million barrels as of July 31, 1984).

ESTIMATED UNITED STATES PETROLEUM BALANCE

(Daily Average in Thousands of 42 Gallon Barrels)

Products Supplied/Supply From Primary Storage	JULY			YEAR-TO-DATE		
	1984[1]	1983[2]	% Change	1984[3R]	1983[2]	% Change
Products Supplied:						
Total motor gasoline	7,055	6,765	4.3	6,674	6,536	2.1
Finished leaded motor gasoline*	2,916	3,020	(3.4)	2,806	2,985	(6.0)
Finished unleaded motor gasoline*	4,139	3,745	10.5	3,868	3,551	8.9
Naphtha-jet	220	216	1.9	216	213	1.4
Kerosine-jet	959	861	11.4	932	817	14.1
Distillate fuel oil	2,516	2,270	10.8	2,936	2,622	12.0
Residual fuel oil	1,277	1,299	(1.7)	1,498	1,444	3.7
All other oils[4]	3,850	3,734	3.1	3,775	3,452	9.4
Reclassified[5]	- 208	- 124	67.7	- 211	- 144	46.5
Total domestic products supplied	15,669	15,021	4.3	15,820	14,940	5.9
Exports	750	571	31.3	696	805	(13.5)
Total products supplied	16,419	15,592	5.3	16,516	15,745	4.9
Supply:						
Domestic production:						
Crude oil[6]	8,729	8,636	1.1	8,734	8,694	0.5
Natural gas liquids	1,590	1,539	3.3	1,600	1,536	4.2
Other supply[7]	723	363	99.2	922	670	37.6
Total domestic supply	11,042	10,538	4.8	11,256	10,900	3.3
Imports:						
Crude oil, total	3,428[10/]	3,597[10/]	(4.7)	3,262[10/]	2,847[10/]	14.6
Canadian	258	330	(21.8)	340	263	29.3
Other	3,170	3,267	(3.0)	2,922	2,584	13.1
Products, total	1,949	1,870	4.2	2,101	1,614	30.2
Residual fuel oil	726	684	6.1	781	697	12.1
Other	1,223	1,186	3.1	1,320	917	43.9
Total imports	5,377	5,467	(1.6)	5,363	4,461	20.2
Total supply	16,419	16,005	2.6	16,619	15,361	8.2
Stock change, all oils	-	+ 413	XXXX	+ 103	- 384	XXXX
Refinery Operations						
Input to crude oil distillation units	12,324	12,609	(2.3)	12,212	11,810	3.4
Operable capacity	16,074	16,842	(4.6)	16,138	16,854	(4.2)
Refinery utilization (%)[8]	76.7%	74.9%	2.4	75.7%	70.1%	8.0
Crude oil runs	12,133	12,360	(1.8)	12,030	11,511	4.5

Stocks (millions bbls.)	1984		1983[2]	% Change from . . .	
	July 31[9]	June 30[9]	July 31	Previous Month	Year Ago
Crude oil 10/	353.5	356.1	335.1	(0.7)	5.5
Unfinished oils	106.3	109.0	108.0	(2.5)	(1.6)
Total motor gasoline**	236.6	249.4r/	230.5	(5.1)	2.6
Finished leaded motor gasoline*	91.2	97.9r/	98.0	(6.8)	(6.9)
Finished unleaded motor gasoline*	107.0	109.4	91.9	(2.2)	16.4
Naphtha-jet	7.1	6.6	7.1	7.6	-
Kerosine-jet	35.2	34.4	33.7	2.3	4.5
Distillate fuel oil	126.7	113.6	130.7	11.5	(3.1)
Residual fuel oil	50.6	49.3r/	51.9	2.6	(2.5)
All other oils	180.5	178.1r/	188.8	1.3	(4.4)
Total all oils	1,096.5	1,096.5r/	1,085.8	-	1.0

1/ Based on API estimated data converted to a monthly basis.
2/ Source: U.S. Department of Energy.
3/ Source: January-May, U.S. Department of Energy, June-July, API.
4/ Includes crude losses.
5/ Beginning with January 1981, U.S. Department of Energy began using a new data collection system which encompasses a method to ascertain the amount of product reclassified during the production phase. So that there will be no double counting of these volumes, they are subtracted from total domestic products supplied.
6/ Includes lease condensate.
7/ Includes Unaccounted-for crude oil, Refinery input of other hydrocarbons, and Processing gain.
8/ Represents "Input to crude oil distillation units" as a percent of "Operable capacity."
9/ Derived by interpolating API weekly stocks data.
10/ Data do not include oil imported for the Strategic Petroleum Reserve (SPR) nor crude oil stocks held in the SPR.
R/ Revised.
* Included in motor gasoline.
** Includes finished leaded, finished unleaded, and motor gasoline blending components stocks.

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Monthly Statistical Report

Prepared by the Statistics Department

Vol. 8, No. 8

SEPTEMBER 19, 1984

AUGUST 1984

ESTIMATED U.S. PETROLEUM BALANCE

SUMMARY

Total domestic products were supplied in August at a 1.2% higher rate than in August of last year, with light product increases partly offset by lower demand for residual fuel oil.

Product supplied last month was roughly 500 MBD below the trend of recent months and appears to reflect inventory changes at the non-primary level, general price uncertainties, and a moderating rate of economic activity. Year-to-year increases in industrial production, for example, a good gauge of the economy, while still strong at more than 9%, are down from the 15% - 16% range experienced early in the year. Attached Exhibits (I-A through I-D) show the deseasonalized 12 month trend for total domestic deliveries and three of its major components.

Crude oil production is estimated to have risen about 1.2% over last August's level. Imports continue to trail last year's level with decreases in both crude and product imports. Total inventories fell almost 7 million barrels, while they normally rise some 16 million barrels at this time of year. Reduction of crude inventories, presumably related to market uncertainties, and adjustment of gasoline stocks to more normal levels accounted for this counter-seasonal decline. Distillate build-up continued at normal rates.

Drilling activity continues to show a mixed pattern. The number of active rigs rose 12% over last August's but, seasonally adjusted, continues to show little change from early in the year. The number of wells reported drilled rose about 3% in July over last July's level. August drilling data are not yet available.

PRODUCTS SUPPLIED[1/]

Gasoline

ABOUT 1.3% AHEAD OF LAST AUGUST.

The level of gasoline supplied rose 87 MBD (1.3%) during August compared with year-earlier levels, somewhat below the past few months' rate of increase. Exhibit I-B reflects a 170 MBD, roughly 3% upward departure of gasoline delivery levels from the 12 month trend in July, while August's level was about 1% below that trend. Such zig-zag movements are often caused by changes in non-primary stock levels; indications are that August's lower level of gasoline supplied may be at least partly related to inventory drawdowns.

Though gasoline pump prices started to rally in mid-month after falling continuously since the beginning of May, they were, on average, still about ¾¢ per gallon below July levels and trailed last year's inflation-adjusted price by about 12¢ per gallon, or 9%. The decline in gasoline prices—an inflation-adjusted drop of about 25% since early 1981—and substantial gains in real disposable income (up about 8% June '83/June'84) are the major factors that have been providing an underpinning for the recovery of gasoline demand from its recent-years low in 1982.

Unleaded gasoline is, at close to 61%, at its highest monthly level ever and more than five percentage points above last August's share of total motor gasoline demand. Sales of new cars continue to be strong, though August's year-to-year increase was about one percentage point below the first 7 months' average gain.

Distillates

UP 3%.

Deliveries of distillates exceeded last August's level by 78 MBD (3.1%), compared with a roughly 250 MBD year-to-year increase during the prior month. The August comparison is distorted by the fact that August 1983, on a deseasonalized basis, had the highest level of deliveries of the year, seemingly because of filling of secondary inventories (See Exhibit I-C). While truck traffic volume is showing some signs of lesser activity increases, rail traffic appears to have been strong in August. These year-to-year increases in traffic continue to add substantial volume to distillate delivery levels.

Residual Fuel Oil

7% BELOW LAST AUGUST. Residual fuel oil was supplied at a 102 MBD (7.3%) lesser rate than last August. Year-to-year decreases in bunker fuel deliveries have grown from roughly 20 MBD early in the year to a recent average decline level of 40 MBD. With uncertainty continuing in world petroleum markets, this significant segment of worldwide shipping activity has been adversely affected. Petroleum imports into the United States, for example, have recently been below year-earlier levels.

Early this year, to meet additional generating demand caused by a cold winter, deliveries to electric utilities had shown increases. With incremental needs filled, however, deliveries to the utilities dropped. Though the rate of decline has recently moderated, deliveries to electric utilities declined 70 MBD in the second quarter.

In a comparison of related data, residual fuel oil's share of input for electricity generation fell from 6% to 5% of total (5 months-1984/1983). It was in fact the utilities' only fuel source to fall in volume despite higher total input.

There is little reason to believe that the pattern has changed during the most recent months. In addition, electricity production during July and August, likely in response to considerably cooler weather than last year, was about the same as a year ago. This contrasts with increases in the 7%-8% range in preceding months.

Recent-month declines in the bunker and utilities sectors have been partially offset by increases in the "industrial and other" sector. These increases are partly due to prior-year delivery levels approaching their trough at mid-year. In addition, some benefit is being derived from the current economic recovery, though there is little evidence that residual fuel oil has benefited proportionately from added energy demand.

Margins between residual fuel oil and natural gas prices, the major fuels competing for added demand in the predominantly dual-fuel-capability industrial market, have not changed sufficiently in recent months to provide a compelling incentive for selecting one fuel source over the other. Residual fuel oil prices, which had declined in July and early August, subsequently recovered somewhat and stabilized. Prices for natural gas have not varied substantially over the past year.

The deseasonalized trend of residual fuel oil deliveries since January 1983 is shown in Exhibit I-D.

Kerosine Jet Fuel

UP 5½%. Deliveries of kerosine jet fuel increased about 5½% in August compared with last year's level. However, deliveries since spring have averaged more than 8% over the corresponding period last year, versus a roughly 10% increase in miles flown. The data continue to suggest that gains in efficiency are no longer being realized at rates such as were experienced in the early 80's as a result of operational changes.

Other Oils

UP SLIGHTLY. Other oils were supplied at a 1.4% greater rate in August than a year ago. This somewhat lower rate of year-to-year increase in deliveries, much as the prior month's, seems to reflect the slight cooling of general economic activity. Sales in the chemical industry, a large user of products in the "other oils" category, while still strong, are reported to have risen at a somewhat slower pace over last year during the second quarter than during the first quarter.

(In millions of B/D)	AUGUST ESTIMATES			YEAR-TO-DATE ESTIMATES		
	1984	1983	% Change	1984	1983	% Change
—Total domestic products supplied	15.7	15.5	1.2	15.8	15.0	5.2
—Motor gasoline supplied	7.0	6.9	1.3	6.7	6.6	2.0
—Distillate fuel oil supplied	2.6	2.5	3.1	2.9	2.6	10.7
—Residual fuel oil supplied	1.3	1.4	(7.3)	1.5	1.4	1.6

PETROLEUM SUPPLY[1/]

Total supply fell 647 MBD from last August's level, essentially because of lower imports.

Production

UP 1.2%. For the year to date, production has continued to maintain the slight year-to-year advance of the past two years in marked contrast with the pre-decontrol decreases of much of the seventies. August crude oil production was 102 MBD (1.2%) greater than last year. That recent year-to-year increases have resulted either entirely or to a significant degree from higher output in the lower 48 has been somewhat surprising.

Imports

DOWN 13% FROM LAST YEAR'S LEVELS.

Imports were 754 MBD (13.0%) lower than year-earlier levels in August because of continued uncertainty arising from substantial production and pricing swings in world markets. Production by OPEC countries, basically the swing producers, rose substantially in June, fell back in July, and reportedly dropped even further in August. Prices on spot markets responded with significant declines into late July and partial price recovery during August. The August reduction in imports is believed to reflect a reluctance, in June and July, to purchase crude for inventory in the face of possibly falling prices.

Imports of residual fuel fell about 200 MBD, essentially accounting for the entire decline in product imports. August's gasoline and distillate imports were at about the same level as last year. During June, Mexico recaptured first place as a source of U.S. petroleum imports, followed by Venezuela, Canada, and Indonesia, in that order.

Inventories

CRUDE AND GASOLINE INVENTORIES DECLINE.

Total inventories fell almost 7 million barrels; the seasonal norm calls for a roughly 16 million barrel build-up. Crude oil inventories fell into the lower segment of the 340-360 million barrel range, a span that has prevailed for the past two years. Gasoline inventories experienced some further downward adjustment; high early-year production levels that accompanied efforts to replenish distillate inventories had held gasoline stocks above normal seasonal levels. Gasoline inventories represented 32 days of supply at the end of August, about in line with the average since the mid-seventies.

Distillate inventory accumulation in preparation for the start of the main heating season in November continued, with distillate inventories rising at normal seasonal rates during August. Production has been above 1983 levels in each month since the beginning of the year, averaging some 300 MBD more for the year than for the corresponding 1983 period. In addition, distillate imports doubled in that period, making about 130 MBD of additional supplies available to the market.

Refinery Operations

UTILIZATION AT 1984 HIGH.

Input to distillation units rose about 200 MBD over August 1983 levels, while operable capacity decreased some 650 MBD. The combined result was an increase of more than four percentage points in the refinery utilization rate to over 78%. While utilization is at the highest average monthly rate so far in 1984, there is still some 3 million barrels of additional refining capacity available.

Exploration

RIG COUNT UP 12%. WELLS REPORTED IN JULY INCREASED 3% OVER LAST YEAR.

The number of active rigs was 12% ahead of last August's level but has not shown any dramatic changes since early this year . Wells reported drilled rose 2.6% in July over last July's level. August data are not yet available.

(In millions of B/D)	AUGUST ESTIMATES			YEAR-TO-DATE ESTIMATES		
	1984	1983	% Change	1984	1983	% Change
—Total supply	16.2	16.9	(3.8)	16.5	15.6	6.3
—Crude production[2/]	8.8	8.7	1.2	8.8	8.7	0.9
—Crude oil imports[3/4/]	3.3	3.9	(14.6)	3.2	3.0	8.3
—Product imports	1.7	1.9	(9.8)	2.0	1.7	22.7

1/ Total supply, i.e., production plus imports adjusted for net stock change is equal to total products supplied from primary storage. Total products supplied from primary storage less exports is equal to total domestic products supplied. Information contained in this report is derived from information published in the API Weekly Bulletin and is based on historical analysis of the industry. All data reflect the most current information available to the API and include all previously published revisions.

2/ Includes lease condensate.

3/ Beginning with January 1977, the U.S. Department of Energy began reporting crude oil imports as of the date of importation. Previously, this data, with the exception of Canadian crude imports, was reported as of the date it was received at the refinery. This change may affect both the level of crude oil imports and crude oil stocks. API estimates of these data may, therefore, differ slightly from those of the U.S. Department of Energy.

4/ API data do not include crude oil imported for the Strategic Petroleum Reserve (SPR) nor crude oil stocks held in the SPR (according to the U.S. Department of Energy, the SPR held approximately 429 million barrels as of August 31, 1984).

ESTIMATED UNITED STATES PETROLEUM BALANCE

(Daily Average in Thousands of 42 Gallon Barrels)

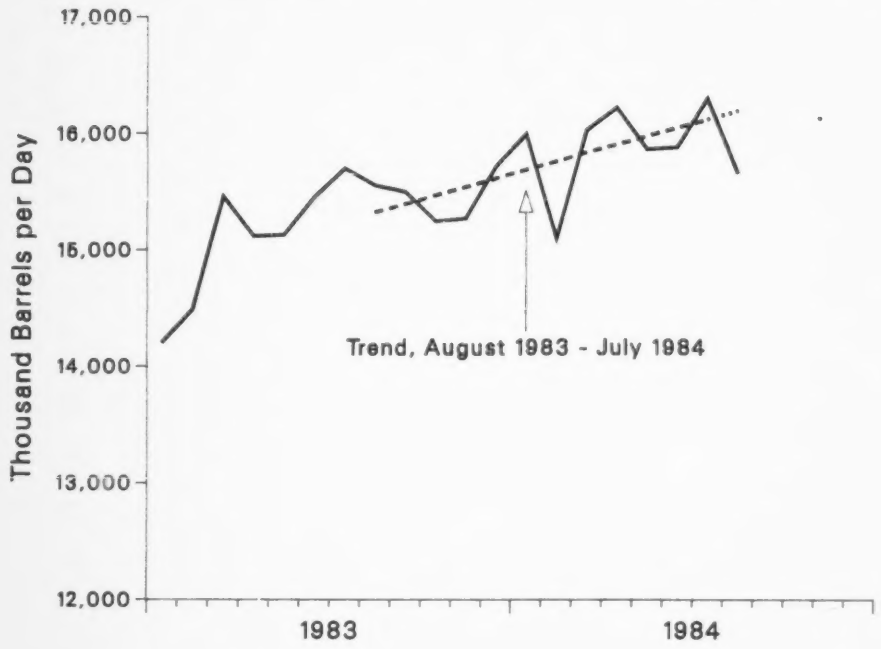
Products Supplied/Supply From Primary Storage	AUGUST			YEAR-TO-DATE		
	1984[1]	1983[2]	% Change	1984[3R]	1983[2]	% Change
Products Supplied:						
Total motor gasoline	7,023	6,936	1.3	6,719	6,587	2.0
Finished leaded motor gasoline*	2,766	3,100	(10.8)	2,794	3,000	(6.9)
Finished unleaded motor gasoline*	4,257	3,836	11.0	3,925	3,587	9.4
Naphtha-jet	259	224	15.6	221	214	3.3
Kerosine-jet	896	849	5.5	917	821	11.7
Distillate fuel oil	2,573	2,495	3.1	2,886	2,606	10.7
Residual fuel oil	1,298	1,400	(7.3)	1,461	1,438	1.6
All other oils[4]	3,846	3,794	1.4	3,803	3,495	8.8
Reclassified[5]	- 234	- 216	8.3	- 223	- 152	46.7
Total domestic products supplied	15,661	15,482	1.2	15,784	15,009	5.2
Exports	760	663	14.6	725	787	(7.9)
Total products supplied	16,421	16,145	1.7	16,509	15,796	4.5
Supply:						
Domestic production:						
Crude oil[6]	8,781	8,679	1.2	8,770	8,692	0.9
Natural gas liquids	1,614	1,562	3.3	1,605	1,539	4.3
Other supply[7]	757	804	(5.8)	903	688	31.3
Total domestic supply	11,152	11,045	1.0	11,278	10,919	3.3
Imports:						
Crude oil, total	3,312[10/]	3,876[10/]	(14.6)	3,225[10/]	2,978[10/]	8.3
Canadian	245	301	(18.6)	320	267	19.9
Other	3,067	3,575	(14.2)	2,905	2,711	7.2
Products, total	1,743	1,933	(9.8)	2,031	1,655	22.7
Residual fuel oil	545	739	(26.3)	740	703	5.3
Other	1,198	1,194	0.3	1,291	952	35.6
Total imports	5,055	5,809	(13.0)	5,256	4,633	13.4
Total supply	16,207	16,854	(3.8)	16,534	15,552	6.3
Stock change, all oils	- 214	+ 709	XXXX	+ 25	- 244	XXXX
Refinery Operations						
Input to crude oil distillation units	12,553	12,359	1.6	12,238	11,880	3.0
Operable capacity	16,074	16,742	(4.0)	16,107	16,840	(4.4)
Refinery utilization (%)[8]	78.1%	73.8%	5.8	76.0%	70.5%	7.8
Crude oil runs	12,394	12,152	2.0	12,067	11,593	4.1

Stocks (millions bbls.)	1984		1983[2]	% Change from ...	
	Aug. 31[9]	July 31[9]	Aug. 31	Previous Month	Year Ago
Crude oil [10/]	341.6	353.3r/	348.7	(3.3)	(2.0)
Unfinished oils	105.8	106.3	110.6	(0.5)	(4.3)
Total motor gasoline**	226.3	236.7r/	226.3	(4.4)	-
Finished leaded motor gasoline*	86.7	91.4r/	95.4	(5.1)	(9.1)
Finished unleaded motor gasoline*	101.4	107.0	89.4	(5.2)	13.4
Naphtha-jet	7.3	7.1	6.4	2.8	14.1
Kerosine-jet	39.0	35.3r/	33.6	10.5	16.1
Distillate fuel oil	137.0	125.4r/	142.4	9.3	(3.8)
Residual fuel oil	47.7	50.6	48.3	(5.7)	(1.2)
All other oils	175.9	172.5r/	191.4	2.0	(8.1)
Total all oils	1,080.6	1,087.2r/	1,107.7	(0.6)	(2.4)

1/ Based on API estimated data converted to a monthly basis.
2/ Source: U.S. Department of Energy.
3/ Source: January-June, U.S. Department of Energy, July-August, API.
4/ Includes crude losses.
5/ Beginning with January 1981, U.S. Department of Energy began using a new data collection system which encompasses a method to ascertain the amount of product reclassified during the production phase. So that there will be no double counting of these volumes, they are subtracted from total domestic products supplied.
6/ Includes lease condensate.
7/ Includes Unaccounted-for crude oil, Refinery input of other hydrocarbons, and Processing gain.
8/ Represents "Input to crude oil distillation units" as a percent of "Operable capacity."
9/ Derived by interpolating API weekly stocks data.
10/ Data do not include oil imported for the Strategic Petroleum Reserve (SPR) nor crude oil stocks held in the SPR.
R/ Revised.
* Included in motor gasoline.
** Includes finished leaded, finished unleaded, and motor gasoline blending components stocks.

EXHIBIT I-A

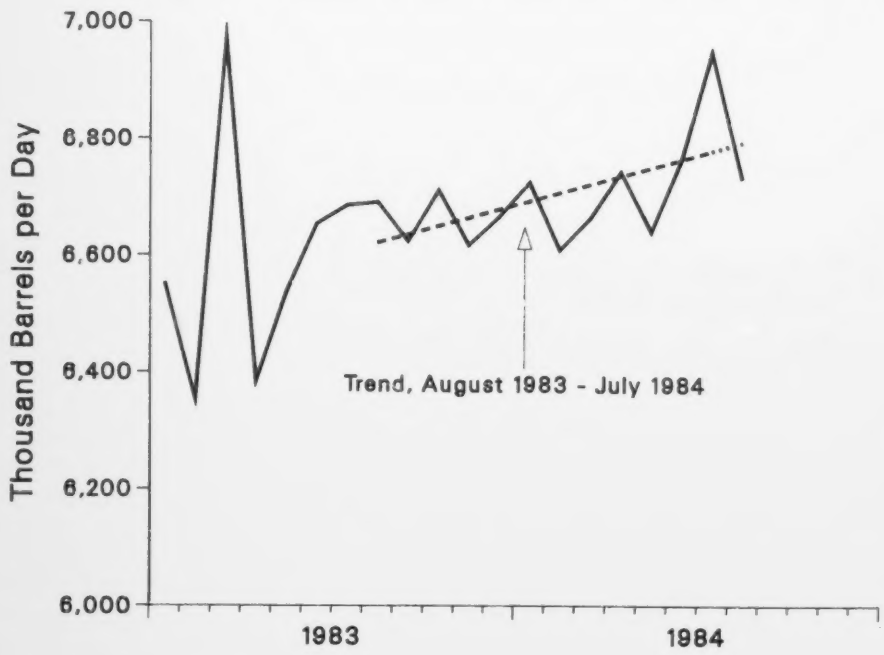
SEASONALLY ADJUSTED TOTAL PRODUCT SUPPLIED



Sources: Department of Energy, American Petroleum Institute

EXHIBIT I-B

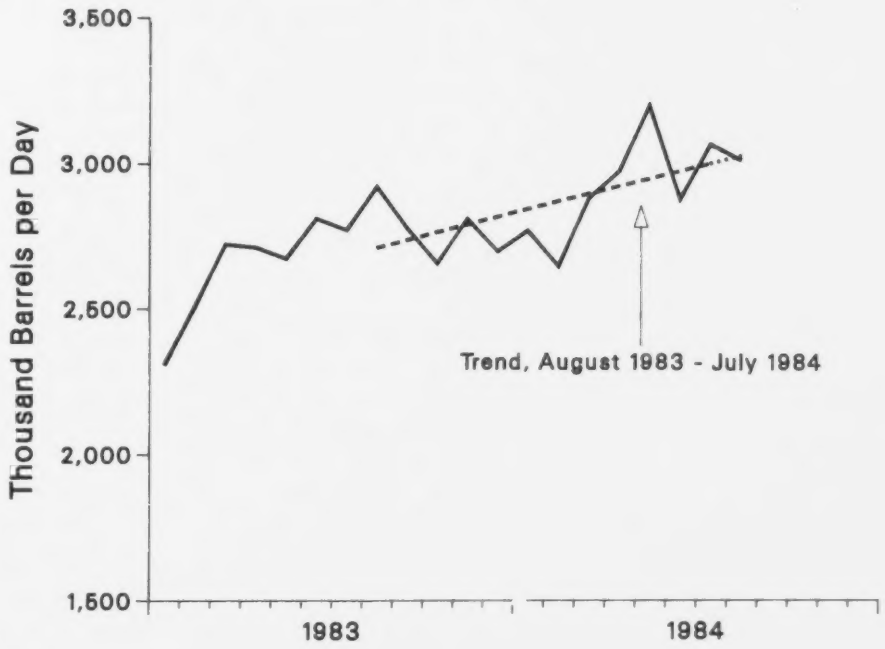
SEASONALLY ADJUSTED MOTOR GASOLINE SUPPLIED



Sources: Department of Energy, American Petroleum Institute

EXHIBIT I-C

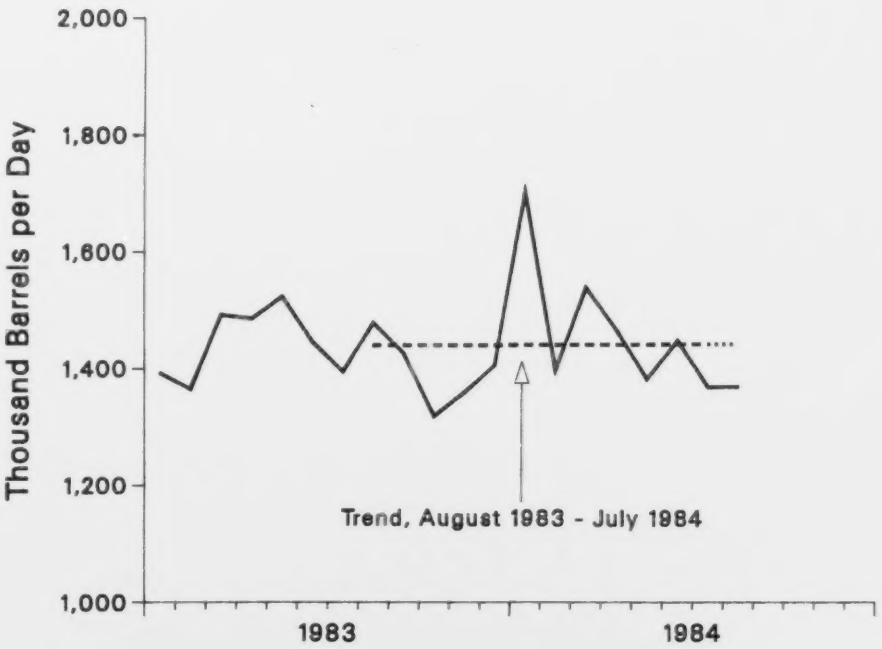
SEASONALLY ADJUSTED, WEATHER ADJUSTED DISTILLATE SUPPLIED



Sources: Department of Energy, American Petroleum Institute

EXHIBIT I-D

SEASONALLY ADJUSTED RESIDUAL FUEL OIL SUPPLIED



Sources: Department of Energy, American Petroleum Institute

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Monthly Statistical Report

Prepared by the Statistics Department

Vol. 8, No. 9

OCTOBER 17, 1984

SEPTEMBER 1984

ESTIMATED U.S. PETROLEUM BALANCE

SUMMARY

Total domestic products supplied in September rose 2.2% over year-earlier levels, almost the same as the 2.3% increase for the third quarter as a whole. Product supplied levels had risen about 7% and 5%, respectively, during the first and second quarters of the year when compared with corresponding year-earlier quarters. The lower rate of increase during the third quarter generally parallels the behavior of the economy, which also experienced slower growth during that period. Attached Exhibit I shows year-to-year changes in GNP and total products supplied since 1982 by quarter.

Both in September and during the third quarter as a whole increases in light product deliveries were major contributors to the year-to-year increases. Residual fuel oil deliveries, while at almost the same level in September as a year ago, were still more than 5% below last year for the third quarter.

Crude oil production, though rising only 0.4% above last year's level, reached the highest September level in more than a decade. Imports fell almost 560 MBD, or close to 10%, during September and experienced a similar decrease for the third quarter as a whole; about three-quarters of the third-quarter imports decrease resulted from lower crude oil imports. Inventories fell almost 9 million barrels in September as uncertain crude markets in earlier months continued to affect crude oil imports. Inventories normally rise by a roughly equal amount in that period.

Rig activity was about 7% ahead of last year in September and rose 12% for the year to date. However, it has changed little since the early part of 1984 on a deseasonalized basis. Wells reported drilled rose by roughly 43% in August over low year-earlier levels. September data are not yet available.

PRODUCTS SUPPLIED[1/]

Gasoline

UP 1.2% FOR THIRD QUARTER.

Gasoline deliveries rose 84 MBD (1.2%) over the year-earlier level in September and increased at the same rate for the quarter. In the case of gasoline, too, year-to-year increases slowed somewhat during the third quarter; the average increase for the first half had approximated 1.8%.

Pump prices rose about 1¢ in September over the prior month's, but, adjusted for inflation, were almost 10¢ (7%) below year-earlier levels (1984 dollars).

Unleaded gasoline represented 60% of total motor gasoline demand during September and the third quarter as a whole, a roughly five percentage point year-to-year advance. Nine months sales of new cars have exceeded last year's levels by more than 10%, contributing to the fleet's needs for an increasing share of unleaded gasoline.

Attached Exhibit II compares the quarterly trend of deseasonalized gasoline demand since 1982 with the path of inflation-adjusted gasoline prices and disposable income. The decline in gasoline prices that began soon after decontrol in early 1981 continued almost uninterruptedly into 1983 and 1984, though there has been a slight increase in prices since mid-August. The effect of rising real income (up about 7% year-to-year) and falling prices, which combined to gradually boost gasoline demand, has been offset to a significant degree by growing engine efficiency.

Distillates

DELIVERIES UP ALMOST 7% IN THIRD QUARTER.

Distillate deliveries in September were 160 MBD (6.2%) ahead of last year; this year's third quarter exceeded the corresponding 1983 period by a roughly similar margin (up 163 MBD-6.7%). Year-to-year increases in truck and rail traffic during the past three months have been below those of the first six months of the year. They continue to account, however, for a significant portion—almost two-thirds—of the quarter's year-to-year increase. There may have also been sizable additions to secondary inventories compared with last year since mid-September in preparation for the heating season.

Residual Fuel Oil

THIRD QUARTER DELIVERIES DOWN 5%.

The level of residual fuel oil supplied was only 1% below last September's but deliveries for the third quarter as a whole were still more than 5% (about 69 MBD) below year-earlier levels.

On the basis of latest available reports, bunker fuel deliveries in recent months have fallen short of prior-year levels by an average of about 40 MBD. With a significant portion of total world shipping activity dedicated to the movement of petroleum, the continuing uncertainty in world oil markets that prevailed during most of the third quarter has had a dampening effect on overall worldwide shipping activity.

Deliveries of residual fuel oil to electric utilities declined by about 90 MBD in July. Data for the remainder of the third quarter are not yet available. However, total third-quarter electricity generation, as a combined result of cooler weather and lower increases in overall economic activity, showed no significant change versus the prior year. This compares with 7-8% advances during the first six months of the year. Thus the electic utilities' purchases of residual fuel oil are estimated to be down some 90-100 MBD in the third quarter from last year's third quarter. The fact that share-of-input statistics for electricity generation continue to show a trend of continued deterioration of petroleum's position (mainly represented by residual fuel oil) supports this contention. Petroleum's share decreased almost a full percentage point—to 5.3%—for the first half of 1984 versus the like 1983 period.

Decreases in the bunker and electric utility sectors have been partially offset by increased deliveries to the industrial sector. In the main, this increase simply reflects the fact that residual fuel oil deliveries reached 1983 lows in the third quarter. However, the strength of the economy has contributed—though not proportionately—to increased demand in the industrial sector.

Prices for natural gas have been relatively stable over the past year. Residual fuel oil prices decreased during July and early August but recouped part of their decline during the remainder of the quarter. As a result, the predominantly dual-fuel-capability users of the industrial sector have had no decisive incentive to switch fuels.

Kerosine Jet Fuel

UP 8% IN THIRD QUARTER.

Deliveries of kerosine jet fuel exceeded last year's level both for September and the third quarter by roughly the same margin. The 8.2% year-to-year increase during the third quarter is roughly in line with recent-months' increase in miles flown (about 10%), though measures to increase efficiency are apparently continuing. The larger year-to-date increase—about 11½%—resulted from filling of depleted storage at the beginning of the year and perhaps some transfers to heating oil use.

Other Oils

UP 3% IN THIRD QUARTER.

Year-to-year advances in deliveries of other oils earlier in the year did not materialize in September; delivery levels were exactly equal to those of a year earlier. A modest 2.8% advance took place for the third quarter as a whole. The chemical industry's sales pace continues to be strong, but recent year-to-year increases may be somewhat less than occurred earlier in the year. In addition, industry reports indicate that inventory increases this year have been at only half the rate of sales gains.

(In millions of B/D)	SEPTEMBER ESTIMATES			YEAR-TO-DATE ESTIMATES		
	1984	1983	% Change	1984	1983	% Change
—Total domestic products supplied	15.9	15.5	2.2	15.8	15.1	4.7
—Motor gasoline supplied	6.8	6.7	1.2	6.7	6.6	1.6
—Distillate fuel oil supplied	2.7	2.6	6.2	2.9	2.6	10.1
—Residual fuel oil supplied	1.3	1.4	(1.2)	1.4	1.4	0.8

SUPPLY[1/]

Total supply was 461 MBD less in September than a year earlier; a decrease of about 560 MBD in imports was partly offset by a roughly 100 MBD increase in total domestic supply.

Production

OUTPUT UP 1.0% IN THE THIRD QUARTER.

Crude production rose 0.4% in September; output was 1.0% ahead of last year during the third quarter. Current output of 8,820 MBD is the highest September level since 1973 and the highest for any month since late 1978. Output from new wells has been large enough to more than offset natural production declines. Lower 48 production increases have contributed to the overall increase. As a result, current lower 48 output is some 1.5 million barrels per day greater than might have been expected had the price controls of the seventies continued.

/

Imports

DOWN 10% IN THIRD QUARTER.

Imports fell 557 MBD (9.6%) in September and declined at almost the same rate for the third quarter as a whole (571 MBD - 10.0%). The third quarter decrease contrasts with 40.3% and 9.5% increases in the first and second quarters, respectively. A substantial portion of the large first-quarter increase was the result of reduced imports due to price uncertainty in world markets during the comparable 1983 quarter. There is little doubt that recent decreases were similarly motivated, as substantial production and price fluctuations over the summer again created a reluctance to purchase petroleum, which is now showing up as reduced imports.

Sources of imports into the U.S. have not changed dramatically during the past few months with imports from Saudi Arabia a major exception. In July, for example, the latest month available, Saudi Arabia was in fourth place with 429 MBD, following Mexico, Canada, and Venezuela. In contrast, July 1983 import data saw Saudi Arabia in tenth position with an average of 182 MBD.

Net dependency on foreign sources (gross imports less exports) decreased by almost five percentage points during the third quarter compared to last year's third quarter. For the year-to-date, however, it showed a roughly two percentage point increase. This divergence in trends resulted from the uncertainty-related drop in imports in the third quarter while demand continued to be ahead of last year, albeit rising at a slower rate.

Inventories

DROPPED COUNTER-SEASONALLY.

Total inventories fell about 9 million barrels in September. The failure of total inventories to rise in line with normal seasonal patterns is the result of lower imports arising from recent market uncertainties. The adjustment of gasoline inventories during the past quarter was, however, also a major factor in holding down inventories. Earlier this year, with gasoline production at higher levels than merited by demand, gasoline output was rising in tandem with additional distillate output. Gasoline inventories represented a roughly-normal 34 days of supply at the end of September.

Production of distillates was slightly below last September's level but has exceeded prior-year levels in every other month this year. As a result, distillate output averaged about 260 MBD more for the first nine months of 1984 than a year ago. In addition, distillate imports were more than 100 MBD above last year. That the recent-months' distillate build-up has nevertheless been somewhat slower than normal resulted at least in part from the fact that distillate demand has continued to exceed expectations. However, while distillate inventories are lower, there exists substantial additional refinery capacity and continued ready availability of distillate imports.

Refinery Operations

UTILIZATION AT 78%.

Utilization in September continued at roughly the same 78% rate as last year and was close to the prior-month level. During the quarter, refinery utilization increased about two percentage points above last year's level, mainly as a result of lower operating capacity.

Exploration

HIGHER ACTIVITY LEVELS THAN LAST YEAR

Rig activity was about 7% ahead of last year in September, but, adjusted for seasonal factors, has changed little since the early part of 1984. Wells reported drilled rose by roughly 43% in August 1984 over abnormally-low year-earlier levels, paced by a 50% increase in oil wells reported. September data are not yet available.

A longer-range indicator, the seismic crew count, showed a 12% increase in September over year-earlier levels.

(In millions of B/D)	SEPTEMBER ESTIMATES			YEAR-TO-DATE ESTIMATES		
	1984	1983	% Change	1984	1983	% Change
—Total supply	16.3	16.7	(2.8)	16.5	15.7	5.0
—Crude production[2/]	8.8	8.8	0.0	8.8	8.7	1.1
—Crude oil imports[3/4/]	3.5	3.9	(11.5)	3.2	3.1	5.1
—Product imports	1.8	1.9	(5.6)	2.0	1.7	17.8

1/ Total supply, i.e., production plus imports adjusted for net stock change is equal to total products supplied from primary storage. Total products supplied from primary storage less exports is equal to total domestic products supplied. Information contained in this report is derived from information published in the API Weekly Bulletin and is based on historical analysis of the industry. All data reflect the most current information available to the API and include all previously published revisions.

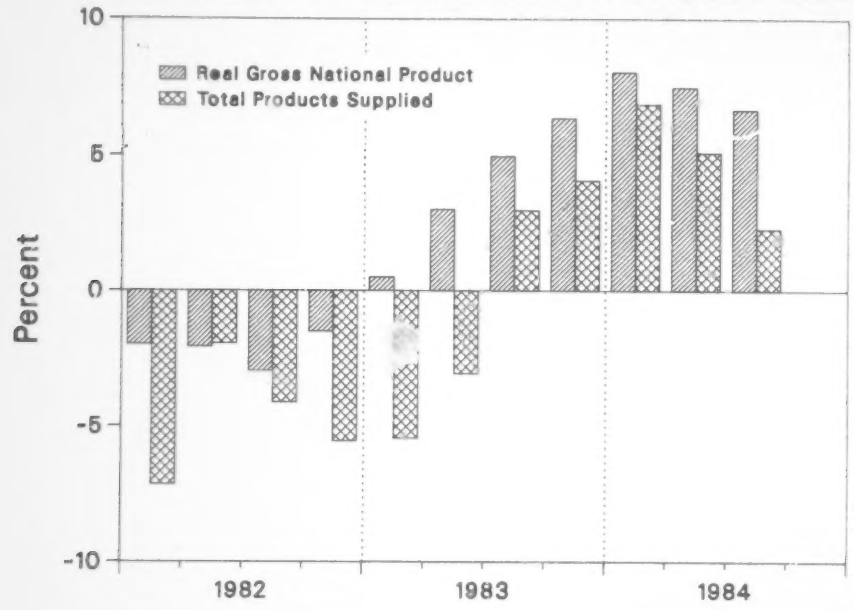
2/ Includes lease condensate.

3/ Beginning with January 1977, the U.S. Department of Energy began reporting crude oil imports as of the date of importation. Previously, this data, with the exception of Canadian crude imports, was reported as of the date it was received at the refinery. This change may affect both the level of crude oil imports and crude oil stocks. API estimates of these data may, therefore, differ slightly from those of the U.S. Department of Energy.

4/ API data do not include crude oil imported for the Strategic Petroleum Reserve (SPR) nor crude oil stocks held in the SPR (according to the U.S. Department of Energy, the SPR held approximately 431 million barrels as of September 30, 1984).

Exhibit I

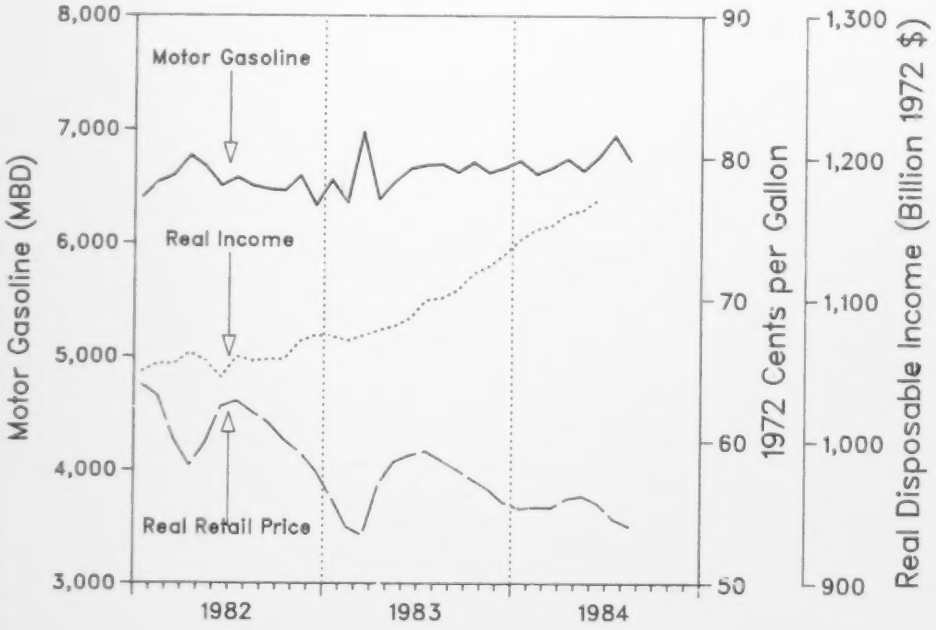
YEAR-TO-YEAR CHANGE IN GNP VERSUS TOTAL PRODUCTS SUPPLIED



Sources: Department of Commerce, Department of Energy, American Petroleum Institute

Exhibit II

SEASONALLY ADJUSTED MOTOR GASOLINE SUPPLIED, REAL GASOLINE PRICES, AND REAL DISPOSABLE PERSONAL INCOME



Sources: Department of Energy, American Petroleum Institute, Oil and Gas Journal, Department of Commerce

ESTIMATED UNITED STATES PETROLEUM BALANCE

(Daily Average in Thousands of 42 Gallon Barrels)

Products Supplied/Supply From Primary Storage	SEPTEMBER			YEAR-TO-DATE		
	1984[1]	1983[2]	% Change	1984[3R]	1983[2]	% Change
Products Supplied:						
Total motor gasoline	6,811	6,727	1.2	6,706	6,603	1.6
Finished leaded motor gasoline*	2,716	3,036	(10.5)	2,768	3,004	(7.9)
Finished unleaded motor gasoline*	4,095	3,691	10.9	3,938	3,599	9.4
Naphtha-jet	257	195	31.8	227	212	7.1
Kerosine-jet	952	881	8.1	923	828	11.5
Distillate fuel oil	2,736	2,576	6.2	2,865	2,602	10.1
Residual fuel oil	1,335	1,351	(1.2)	1,440	1,429	0.8
All other oils[4]	3,989	3,989	-	3,839	3,549	8.2
Reclassified[5]	- 228	- 212	7.5	- 226	- 159	42.1
Total domestic products supplied	15,852	15,507	2.2	15,774	15,064	4.7
Exports	720	684	5.3	700	776	(9.8)
Total products supplied	16,572	16,191	2.4	16,474	15,840	4.0
Supply:						
Domestic production:						
Crude oil[6]	8,820	8,784	0.4	8,799	8,702	1.1
Natural gas liquids	1,644	1,602	2.6	1,616	1,546	4.5
Other supply[7]	555	537	3.4	837	671	24.7
Total domestic supply	11,019	10,923	0.9	11,252	10,919	3.0
Imports:						
Crude oil, total	3,453[10/]	3,902[10/]	(11.5)	3,238[10/]	3,080[10/]	5.1
Canadian	285	272	4.8	320	268	19.4
Other	3,168	3,630	(12.7)	2,918	2,812	3.8
Products, total	1,811	1,919	(5.6)	1,984	1,684	17.8
Residual fuel oil	582	706	(17.6)	708	703	0.7
Other	1,229	1,213	1.3	1,276	981	30.1
Total imports	5,264	5,821	(9.6)	5,222	4,764	9.6
Total supply	16,283	16,744	(2.8)	16,474	15,683	5.0
Stock change, all oils	- 289	+ 553	XXXX	-	- 157	XXXX
Refinery Operations						
Input to crude oil distillation units	12,499	12,731	(1.8)	12,256	11,973	2.4
Operable capacity	16,074	16,296	(1.4)	16,105	16,780	(4.0)
Refinery utilization (%)[8]	77.8%	78.1%	(0.4)	76.1%	71.4%	6.6
Crude oil runs	12,369	12,482	(0.9)	12,095	11,690	3.5

Stocks (millions bbls.)	1984		1983[2]	% Change from ...	
	Sep. 30[9]	Aug. 31[9]	Sep. 30	Previous Month	Year Ago
Crude oil [10/]	330.4	341.6	346.7	(3.3)	(4.7)
Unfinished oils	108.9	105.8	112.9	2.9	(3.5)
Total motor gasoline**	228.8	226.3	229.1	1.1	(0.1)
Finished leaded motor gasoline*	84.5	86.8r/	94.6	(2.6)	(10.7)
Finished unleaded motor gasoline*	105.2	101.5r/	94.7	3.6	11.1
Naphtha-jet	6.9	7.3	6.6	(5.5)	4.5
Kerosine-jet	38.9	39.0	34.9	(0.3)	11.5
Distillate fuel oil	143.1	137.0	154.0	4.5	(7.1)
Residual fuel oil	47.5	47.7	49.7	(0.4)	(4.4)
All other oils	169.8	178.3r/	190.4	(4.8)	(10.8)
Total all oils	1,074.3	1,083.0r/	1,124.3	(0.8)	(4.4)

1/ Based on API estimated data converted to a monthly basis.
2/ Source: U.S. Department of Energy.
3/ Source: January-July, U.S. Department of Energy, August-September, API.
4/ Includes crude losses.
5/ Beginning with January 1981, U.S. Department of Energy began using a new data collection system which encompasses a method to ascertain the amount of product reclassified during the production phase. So that there will be no double counting of these volumes, they are subtracted from total domestic products supplied.
6/ Includes lease condensate.
7/ Includes Unaccounted-for crude oil, Refinery input of other hydrocarbons, and Processing gain.
8/ Represents "Input to crude oil distillation units" as a percent of "Operable capacity."
9/ Derived by interpolating API weekly stocks data.
10/ Data do not include oil imported for the Strategic Petroleum Reserve (SPR) nor crude oil stocks held in the SPR.
R/ Revised.
* Included in motor gasoline.
** Includes finished leaded, finished unleaded, and motor gasoline blending components stocks.

ESTIMATED UNITED STATES PETROLEUM BALANCE

(Daily Average in Thousands of 42 Gallon Barrels)

Products Supplied/Supply From Primary Storage	3rd QUARTER		
	1984[1]	1983[2]	% Change
Products Supplied:			
Total motor gasoline	6,894	6,810	1.2
Finished leaded motor gasoline*	2,746	3,052	(10.0)
Finished unleaded motor gasoline*	4,148	3,758	10.4
Naphtha-jet	250	212	17.9
Kerosine-jet	935	864	8.2
Distillate fuel oil	2,608	2,445	6.7
Residual fuel oil	1,281	1,350	(5.1)
All other oils[3]	3,944	3,838	2.8
Reclassified[4]	- 228	- 184	23.9
Total domestic products supplied	15,684	15,335	2.3
Exports	672	639	5.2
Total products supplied	16,356	15,974	2.4
Supply:			
Domestic production:			
Crude oil[5]	8,790	8,699	1.0
Natural gas liquids	1,636	1,567	4.4
Other supply[6]	652	569	14.6
Total domestic supply	11,078	10,835	2.2
Imports:			
Crude oil, total	3,361 9/	3,790 9/	(11.3)
Canadian	274	301	(9.0)
Other	3,087	3,489	(11.5)
Products, total	1,765	1,907	(7.4)
Residual fuel oil	575	710	(19.0)
Other	1,190	1,197	(0.6)
Total imports	5,126	5,697	(10.0)
Total supply	16,204	16,532	(2.0)
Stock change, all oils	- 152	+ 558	XXXX
Refinery Operations			
Input to crude oil distillation units	12,426	12,565	(1.1)
Operable capacity	16,078	16,630	(3.3)
Refinery utilization (%)[7]	77.3%	75.6%	2.2
Crude oil runs	12,282	12,330	(0.4)

Stocks (millions bbls.)	3rd QUARTER		
	1984[8]	1983[2]	% Change
Crude oil	330.4 9/	346.7 9/	(4.7)
Unfinished oils	108.9	112.9	(3.5)
Total motor gasoline**	228.8	229.1	(0.1)
Finished leaded motor gasoline*	84.5	94.6	(10.7)
Finished unleaded motor gasoline*	105.2	94.7	11.1
Naphtha-jet	6.9	6.6	4.5
Kerosine-jet	38.9	34.9	11.5
Distillate fuel oil	143.1	154.0	(7.1)
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All other oils	169.8	190.4	(10.8)
Total all oils	1,074.3	1,124.3	(4.4)

1/ Source: U.S. Department of Energy. July; August-September, API.
2/ Source: U.S. Department of Energy.
3/ Includes crude losses.
4/ Beginning with January 1981, U.S. Department of Energy began using a new data collection system which encompasses a method to ascertain the amount of product reclassified during the production phase. So that there will be no double counting of these volumes, they are subtracted from total domestic products supplied.
5/ Includes lease condensate.
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7/ Represents "Input to crude oil distillation units" as a percent of "Operable capacity."
8/ Derived by interpolating API weekly stocks data.
9/ Data do not include oil imported for the Strategic Petroleum Reserve (SPR) nor crude oil stocks held in the SPR.
* Included in motor gasoline.
** Includes finished leaded, finished unleaded, and motor gasoline blending components stocks.